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The Paris Agreement and the Future of Vietnam

Land Reform: Philippine Policies and the Asian Perspective

South Vietnam's Policy Options for Winning the Peace

Hill-Tribe Development in Thailand: Tea can help

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Philippine Agrarian Reform Policies: A Survey

Conrado F. Estrella

The author is Secretary of the Department of Agrarian Reform, Republic of the Philippines

PHILIPPINE agriculture has been characterized as feudal because landownership is confined to the few. According to official statistics, approximately 40 per cent of Filipino farmers do not own the land they till. They work it instead for a landlord living in the town. In some cases the landowner is not personally known to the tenants because a manager or katiwala is designated. The traditional relationship between the tillers and the absentee landlord is share-cropping. A portion of the produce, usually one-half is given to the landowner as payment for the "privilege" of working the land. Under this arrangement the landowners do not directly participate in or contribute to the production efforts. Their main asset is the title to the land, placing tenants in a position of total dependency.

The Filipino share-cropper is not anchored to the land. No amount of encouragement can induce greater effort because he is caught in a system where additional effort does not offer higher returns. His tenure of land is not dependent on his performance as a producer but on the goodwill he can establish with his landlord. This is the fate of the more than half a million Filipino share-crop tenants. If the Philippines is to be developed, the economic position of the farmers must be strengthened. Security, the spur to initiative, resourcefulness and drive, must be returned to the farmer. And this can only be achieved by land reform.

When Republic Act 3844, otherwise known as the Agricultural Land Reform Code was signed into law on 8 August 1963, it signalled the adoption of land reform as a national strategy for economic development. The Act ordained the Agricultural Land Reform Code and instituted land reforms in the Philippines, including the abolition of share-crop tenancy and the channelling of landlord capital into industry.

The overall aim of the programme is summarized in the first paragraph of the Code's declaration of policy:

> To establish owner-cultivatorship and the economic family-size farm as the basis of Philippine Agriculture and, as a consequence, divert landlord capital in agriculture to industrial development.

It was also envisaged that, alongside the simultaneous development of industries, small farmers would become more independent, self-reliant citizens, and a source of strength in a democratic society.

From the approval of the Code in 1963 to its amendment on 10 September 1971, the Philippine Land Reform Programme was implemented by the Land Reform Project Administration. This was the unified administrative structure composed of the Land Authority, the Agricultural Productivity Commission, the Agricultural Credit Administration, the Land Bank and the Office of the Agrarian Counsel.

Land reform administration

At the apex of this unified structure was the National Land Reform Council, the policy-making and governing body. The Council was composed of the Governor of the Land Authority who acted as Chairman, the Commissioner of the Agricultural Productivity Commission, the Administrator of the Agricultural Credit Administration, the Chairman of the Land Bank's Board of Trustees and another member appointed by the President to represent the political party receiving the second largest votes in the last presidential elections. The Agrarian Counsel acted as the legal counsel of the National Land Reform Council, but could not vote. The Chairman of the Council, in addition to presiding over the Council's meetings was also the Administrator of the Land Reform Project Administration. As such he was the Chief Executive in the whole complex.

The programme was implemented through collegiate bodies. The Regional Committee carried out policies formulated and adopted by the Council. The Committee was composed like the National Land Reform Council with the exception of the minority party member. A subregional committee, also known as the Branch Land Reform Committee, was created to facilitate administration and supervision of land reform at a provincial level. The implementing unit at the farmers' level was the Land Reform Project Team, composed of representatives of the land reform member agencies – the Land Authority, the Agricultural Productivity Commission, the Agricultural Credit Administration and the Office of the Agrarian Counsel. The Land Authority's representative was the team leader. The Land Bank, owing to shortage of personnel, could not assign a premanent representative.

The first two years of the programme, 1963–1965,

were devoted primarily to organizing and realigning the land reform agencies, formulating policy, planning and programming, and conducting basic orientation training courses. Implementation of the Code during this period was minimal. But field operations continued, on an interim basis, under old policies and administrative units. These early years were marked by uncertainties and doubts among farmers, landowners and the government bureaucracy. While all involved were becoming acquainted with the new programme, trial and error prevailed. But a beginning has been made and a degree of momentum generated.

Not until September 1965 did the Council approve and adopt the general programme of implementation and the programme of priorities for planning and implementing land reform throughout the country.

The approach was two-phased. The first operation dealt primarily with converting the tenancy of share-croppers to a leasehold basis, while the second phase was to be the conversion of leasehold to full ownership. Between the two forms of ownership was to be an intermediate stage of amortization, when the tenant would pay the government the price of the farmholding allotted to him. This may run to 25 years.

Legal services, extension education, agricultural credit and co-operative financing, land management and other services were to be made available to the farmers to increase agricultural productivity.

During the period when the Council was evolving policies, land reform was instituted in strategic towns in Central Luzon as testing-grounds for Council decisions prior to nation-wide application. By the end of 1965, the Council had declared 12 towns in Central Luzon as leasehold areas, involving some 10,630 *palay* (unmilled rice) share-tenants working an area of 27,655 hectares or 2.46 per cent and 2.93 per cent, respectively, of the total eligible for leasehold reform (1 hectare is equivalent to 2.471 acres).

At this time, integrated land reform services were applied only in these leasehold areas. Outside these, agencies carried out their functions independently. This situation prevented the merger of the land reform agencies. Contrary to the planning objective, the agencies could not act under one spearhead body (the Council). The piecemeal extension of the programme to single towns was too slow to create any impact upon the nation. This allowed the opponents of land reform ample time to organize a campaign against the programme.

Concurrently internal problems developed among the land reform agencies, their operations becoming separated into "land reform" and "pre-land reform" categories. This separation dissipated their meagre resources. Priorities in programme implementation were now primarily based on geographic rather than on tenurial changes as earlier conceived. In a province where farmers of different tenurial status were found, the Council could not enforce a uniform policy. In such a case an individual agency's action, applied in the unreformed portion of the province, weakened or even ran counter to action in the areas under land reform.

As early as 1965, problems had been experienced, but since at that stage the focus was on the leasehold phase, these had centred on the conversion of share-crop tenancy to leasehold. This conversion was marked by the execution of a lease contract, stipulating the fixed rental of the land, between the landowner and the lessee.

Initially, progress on this phase was slow. Tenants were afraid to initiate the procedure, while a landowner could hardly be expected to make the first move. The relationship between landlord and tenant was often paternalistic (it is not uncommon to find tenants who are blood relations of the landowner, and in such cases tenancy arrangements tend to be fluid). Tenants were moreover uncertain of their ability to borrow the needed funds for production from the Agricultural Credit Administration.

Landlords, conversely, were manoevring to delay implementation of land reform in their areas. This was to give themselves the time to improve the productivity of their landholdings, because the value of lease rental was based on past harvests.

On their part, tenants were aware of the relationship between increased yields and the level of the leasehold price, and refused to plant high-yielding plant varieties or to use modern methods of cultivation. This conflict of interest had an effect on agricultural productivity, leading to the assertion by its enemies that land reform depresses agricultural productivity.

It can be said, however, that the land reform programme energized landowners to participate wholeheartedly in the Government's rice production programme in 1966, so as to increase yields from their land and enhance its leasehold value. On top of this, if and when they decided to sell their land to the Government for redistribution its value would be based on the capitalized lease rental.

Four-year programme

The change of Government in 1966 ushered in a change in the land reform programme. New and bolder plans were conceived and formulated. For the first time a Four-Year Programme was developed.

The two-operational-phase approach was restructured and gave way to five operational aspects:

1) *Leasehold* – all share-tenants were to become lessees and their farm incomes were to be raised by improving their productive capabilities;
2) *Upgrading of landed Estates and Settlement Projects* – the titles (of ownership) of all beneficiaries were to be perfected and their farm incomes were to be raised by improving their productive capabilities;
3) *Acquisition of Private Agricultural Land* – private agricultural lands worked by lessees

were to be acquired for subdivision and resale to them;

4) *Opening and Development of Public Lands* – public lands were to be opened and developed for settlement projects (i.e. small-scale farming operations) and large-scale farming operations for Land Bank landholders;

5) *Personnel Training and Clientele Development* – Land Reform Agencies were to be upgraded through a well-co-ordinated personnel development programme and land reform beneficiaries were to be equipped with the needed skills to improve their productive capabilities.

The five operational aspects were quantified into targets and goals in the first four-year programme covering the period 1966/67–1969/70.

Over 300,000 tenants were programmed for conversion to leasehold tenancy during the period, accounting for 14.5 per cent of total palay and maize tenants to be converted. Under the upgrading of landed estates and settlements operation some 58,000 hectares were to be subdivided into farms and homelots and supplemented by an irrigation development programme providing for the installation of some 220 projects.

The Land Bank issued a plan to acquire some 62,600 hectares over the period while the Land Authority also planned to open up about 51,400 hectares for some 9,400 settler-families.

About 13,000 personnel were programmed to receive various types of training and some 381,000 farmers were to be reached by government technicians and assisted in improving farm practices.

All these efforts would require financial support of about 707.5 million pesos.

At the end of the programme period (30 June 1970) 122,304 tenants in 154 towns held leasehold agreements. These accounted for 39 per cent of the programmed target. On the landed estates, 43,750 hectares were subdivided into farms and homelots–a 74 per cent accomplishment. But the supplementary project support achieved 144 per cent success.

During the programme period, the Land Bank was able to acquire some 4,000 hectares or about 6 per cent of its planned target. However, as of 31 March 1972, the Land Bank had acquired an aggregate area of 26,371 hectares at an estimated cost of 104 million pesos involving 9,453 beneficiaries. This represents an increase of 22,371 hectares or about 550 per cent increase over land acquisition at the end of the programme period. The Land Authority was able to resettle 4,112 families or 44 per cent of the target.

The training programme achieved 46 per cent of its goal in personnel training and 36 per cent in its clientele development programme.

These achievements were attained despite only 31 per cent or 213.9 million pesos being released to the land reform agencies out of their authorized budgetary appropriations of 707.5 million pesos.

During this first four-year programme period, President Marcos started accelerating land reform implementation. He directed the proclamation of land reform areas by congressional districts and by provinces, in place of, as formerly, single towns. By the end of 1970, the whole of Central Luzon was placed under land reform; and as of September, 1971, 236 municipalities in 20 provinces were under land reform. Leasehold coverage, therefore, was expanded to a scale at which the peasantry in particular and the nation in general felt its impact.

Boost to rice production

Rice production in land reform areas has increased significantly. Pre-proclamation records showed that average yield per hectare was of the order of 39 cavans* (circa 1964). But by 1968-69, the average yield per hectare for the regular (wet season) crop was 63.1 cavans while that of the palagad (dry season) crop was 64.5. This shows an increase of 24.1 and 25.5 cavans of palay, respectively.

The Bureau of Agricultural Economics of the Department of Agriculture and Natural Resources conducted a study of land reform in relation to rural living standards. Eleven towns in Central Luzon were studied, two of which were proclaimed land reform areas in 1964, four in 1966 and five in 1969.

The study found that rice yields in the towns declared in 1964 were much higher than those in the towns declared in 1966 and 1969. The 1964 group showed an average yield per farm of 128.54 cavans for the first crop and 142.32 cavans for the second crop. The 1966 and 1969 group showed a per farm yield of 113.43 and 125.61 cavans for the first and second crop, respectively.

The per hectare yield showed a similar trend. The 1969 group had a yield per hectare of 52.79 cavans for the first crop and 58.51 cavans for the second crop as against the 50.39 cavans for the first crop and 48.31 cavans in the second crop of the 1966 and 1969 group.

The issuance of ownership titles in the settlement projects was expedited when the President (under Administrative Order No. 100, 1968 Series) authorized the Land Authority Governor to issue patents to settler-families whose farms were within the settlement areas. In two years (1968-1970) more than 1,500 patents had been issued as against less than 500 patents issued through the Bureau of Lands during the previous four years (1964-1968).

A law was also passed (R.A. 5169) authorizing the sale of 16 government properties in Manila to generate funds for the Land Bank and the Agricultural Credit Adminis-

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* 1 cavan of paddy (unmilled) rice = 44 kg.; 1 cavan of milled rice = 57.7 kg.

tration. The law provided that three-quarters of the proceeds from each sale should accrue to the Land Bank and a quarter to the Agricultural Credit Administration.

As an additional boost to the land acquisition programme the balance of the first compensation payment of 3.7 million pesos to Hacienda Nable Jose and the additional provisional payment of 490,172 pesos to El Porvenir Estate had been paid. These estates—both in Pangasinan—had been the subject of expropriation proceedings which had been before the Court for some time. The protracted Court contest was sowing doubts and apprehensions among the tenant-beneficiaries in the estates, and the payments by the Land Authority in 1966 eased tensions considerably.

The resettlement aspect was aimed towards the highly sensitive problem of relocating "squatter-families" in the Greater Manila area. The exodus of job-seekers from the provinces toward the capital city had spawned clusters of shanty towns along the railways and on vacant spaces earmarked for government parks and other public uses. The density of population in these small pockets was so high that they were fast becoming the breeding places of all types of social, health and environmental problems. When the government decided to relocate the families (almost all were non-agricultural families) the Land Authority was able to absorb over 1,500 families in its settlement project in San Pedro, Laguna. This population transfer paved the way to the construction of the Greater Manila Terminal Food Market, South of Manila and the development of the national park and Government Centre in Quezon City.

In 1969, a United Nations Seminar on the Implementation of Land Reform in Asia and the Far East was held in Manila. On this occasion President Marcos announced the need for the establishment of an Agrarian Reform Institute in the University of the Philippines to assist the land reform programme by providing research, evaluation and training. The Institute is now operational.

Problems become defined

As implementation of the programme proceeded problems became clearly identified.

The fixing of land rentals payable by the lessees to the landowners became the major bottleneck in the leasehold phase. This was mainly due to the inadequacy of records on past harvests upon which the leasehold rents were to be computed.

Authentication of the ownership titles of beneficiaries in the acquired estates and settlement areas was hampered by delays in the approval of the subdivision survey plans by the Bureau of Lands. Pending such approval, the Land Authority would be unable to proceed with its patenting functions, delaying the issuance of titles to settler-beneficiaries.

The major impediment to the expansion of existing settlement projects, as in the opening of new areas, was the slowness of the Bureau of Forestry in releasing for disposition timberland areas suitable for cultivation. Substantial portions of some settlement projects remained under the classification of timberland despite having been cleared and developed either by "moved-in" or "self-propelled" settlers. But since these areas were not released for disposition, subdivision surveys could not be started.

The main problem, however, lay in the implementing structure itself. The agencies continued to retain their independence, and particularly the right of control over their individual resources. Further, the agencies continued to serve other programmes and their functions and services were not primarily concentrated on land reform.

At the end of the first four-year programme period, all the defects and weaknesses of the Agricultural Land Reform Code were collated, analysed and then synthesized into one corrective bill, the Omnibus Amendment to the Land Reform Code.

Comprehensive amendment

After a congressional defeat in 1970, the Omnibus Amendment was presented the following year to Congress for enactment with the full backing of the President, the farmers and the student groups. Congress passed the measure and in addition enacted another fund-providing bill

Republic Act No. 6389 amended the Agricultural Land Reform Code, creating a Department of Agrarian Reform (DAR) as an overall implementing machinery. It provided for the total abolition of share-tenancy by automatically converting all share-tenancy relations into leasehold. To support this total conversion, landowners and local moneylenders were authorized to continue credit assistance to tenants, now lessees, provided that annual interest on the loans did not exceed 14 per cent.

The lessees' rights of pre-emption and redemption were expanded and strengthened. Lessees were given 180 days to pre-empt or redeem the property of the landowners as against the previous periods of 90 days for pre-emption and two years for redemption. (While under the old Code lessees were given two years to redeem the property, there was no obligation upon landlords to notify lessees if they sold the land, in which case a lessee was denied the right to redeem. Under the amended law, lessees must be notified of a prospective sale.)

Lessees were empowered to undertake the management and maintenance of irrigation systems on their properties. Irrigation works constructed by landowners could be acquired by the Land Bank through the Department of Agrarian Reform so that ownership could be vested in the lessees.

The Court of Agrarian Relations was authorized summarily to determine a provisional rental to be paid by the lessee to the landlord. This authority expedited the fixing of lease rentals—formerly the main bottleneck in establishing leasehold arrangements.

A landlord's claim that he wished to cultivate his land privately was no longer admissable as grounds for dispossessing a tenant of his farmholding (under the old Code

this legal right had been the "Sword of Damocles" hanging over the head of every tenant).

The lessees were given another advantage. If the landholding is acquired by the government through expropriation, or acquired by the farmer through redemption, the lease rental previously paid by the tiller shall be credited as amortized payment for the land.

New benefits were also granted to the landowners. The negotiability of the Land Bank bonds was increased. This was to encourage landowners to sell their properties to the Department of Agrarian Reform for resale to the lessees. Moreover, the cash payment on land acquired by the DAR with Land Bank financing was increased to 20 per cent.

Republic Act 6390 provided additional funds, 50 million pesos a year up to 1974, to come from the proceeds of the Stabilization Tax. For the 1971-72 fiscal year the Agricultural Credit Administration (ACA) would receive 20 million pesos for its lending operations, the Land Bank 20 million pesos for its land acquisition programme and the Department of Agrarian Reform would receive 10 million pesos for its land development and resettlement, survey and subdivision and the issuance of titles to settler-families.

For the succeeding years, 20 million pesos would go to the Agricultural Guaranty Fund, and 10 million pesos each to the Land Bank, the Agricultural Credit Administration and the Department of Agrarian Reform.

With this new mandate, the Department of Agrarian Reform came out with a four-year programme 1971/2–1974/75.

New programme

The Department of Agrarian Reform plans to fix all the lease rentals of the remaining 584,860 tenants or a 100 per cent accomplishment during the programme period.

Some 50,000 hectares of private land are planned to be acquired, benefiting some 22,700 families. This would bring projected land acquisition to 25 per cent at the end of the programme period.

Under the Resettlement heading, the Department aims to develop some 80,000 hectares and resettle 8,000 families. This shall bring the settlement coverage to 40 per cent.

Personnel training and clientele development shall be expanded as additional personnel are made available to the programme.

To carry out this four-year programme under the amended Code, increased financing will be urgently required. For the fiscal year, 1972, some 229.9 million pesos was needed. For 1973, 372.3 million pesos are needed. The amounts will increase in succeeding years; for 1974, 579.5 million pesos are budgeted and for 1975, 792.76 million pesos. These amounts are broken down as in the table below.

Funds for current operating expenditures were to come primarily from congressional appropriations. In the case of capital outlay, additional funds were made available under R.A. 6390. During fiscal year 1972, 20 million pesos were available to the ACA for lending operations, 20 million pesos for the Land Bank's land-financing operations and 10 million pesos for the land development activities of the Department. In succeeding fiscal years after 30 June, 1972, the following amounts were to be made available; for the Agricultural Guarantee Fund, 20 million pesos: for the Land Bank, 10 million pesos; for the Agricultural Credit Administration, 10 million pesos; and for the Department of Agrarian Reform, 10 million pesos.

Farm credit requirements of the lessees constitute the bulk of the financing needs. To meet this requirement, R.A. 6390 created an Agricultural Guarantee Fund to be administered by an Agricultural Guarantee Fund Board. This fund guarantees 70 per cent of the value of production loans from rural banks (the remaining 30 per cent to be absorbed by the banks). The creation of the fund, therefore, was intended to involve the rural banking system more extensively in the financing of agricultural lessees all over the country.

The new agrarian reform programme places great emphasis on co-operative development, particularly as regards to multi-purpose co-operatives and co-operative farming. As a basis for a successful farmers' co-operative movement new projects such as those in Magalang and General Ricarte are being tried out. In addition, a new concept of "compact farms" is being implemented in several provinces. Their purpose is to bring together small groups of farmers cultivating contiguous plots to promote collective responsibility as a guarantee for loans from co-operatives and rural banks and as a basis for improved farming.

The Government is also paying greater attention to the

(In Million Pesos)

Fiscal Year	*Grand Total*	*Current Operating Expenditures*	*CAPITAL OUTLAY*			
			Total	*Farm Credit*	*Land Financing*	*Land Development*
1972	229.96	23.41	206.56	163.80	20.0	22.75
1973	372.36	33.56	358.80	301.30	10.0	27.50
1974	579.56	47.56	532.00	488.50	10.0	33.50
1975	797.76	60.56	737.20	686.70	10.0	40.50

development of farmers'organizations, not only in support of agrarian reform but also to mobilize more active participation by farmers in the programme. Two national farmers' organizations, the Free Farmers' Federation and the Filipino Agrarian Reform Movement interlocked with the Federation of Land Reform Farmers' Associations, are actively assisting the programme, not only as Consultants to the Department, but also in such activities as training and legal assistance. They played an active part in lobbying for the new land reform laws.

The new law also provides for greater local government involvement in the implementation of agrarian reform. This support and participation is an essential element in the programme's success, as the local authorities are close to the grass-roots of society.

The Philippine agrarian reform programme has attracted the attention of several aid-giving agencies, both billateral and international. As well as USAID, the John C. Lincoln Institute has been extending considerable assistance for several years, particularly in the field of training. In the UN Development Programme (UNDP) of technical assistance to the Philippines, agrarian reforms have received the highest priority in the agricultural sector, and the current UNDP/FAO project for the period 1972-75 has been expanded and extended.

Special Projects

So as to infuse new ideas and involve outside expertise in the programme, the National Land Reform Administration (now Department of Agrarian Reform) entered into agreements with private groups and institutes to carry out special experimental projects. These include:

Magalang Project. A new scheme of land reform in Magalang, Pampanga, is being tested with the active participation of the Municipal Government of Magalang and the private Filipinas Foundation, Inc. (FFI). Some 756 hectares of government land were proclaimed for settlement purposes and placed under the administration of the Department of Agrarian Reform. This area is being developed as a co-operative settlement with financial and material assistance from the FFI. Possession of the farmland is on a long lease. The Co-operative leases the entire area from the Department of Agrarian Reform for 49 years renewable for another 49 years and in turn sub-leases individual lots to members of the Co-operative.

This project aims to determine whether usufruct or beneficial ownership of land would be better in terms of actual land use than the present private ownership arrangement based on the Torrens System.

Nueva Ecija Land Reform Integrated Development Programme. The National Land Reform Administration, the National Food and Agriculture Council and the Provincial Government of Nueva Ecija, agreed in 1970 to pool efforts and resources, and drew up an integrated programme, which sought to harmonize all existing and proposed development programmes and projects in Nueva Ecija. Land reform was seen as the core, to be supported by an intensified agricultural productivity programme reinforced by complementary activities, namely: legal assistance, extension services, farm credit, land management, and personnel and clientele development. The entire province was placed under single management for which a project director was designated by the President. The United States Agency for International Development (USAID) extended supporting technical, material, and financial assistance – some US$500,000 worth of commodities (office and communication equipment and motor vehicles) and 20 million pesos for agricultural credit.

The Nueva Ecija Project has operated for two years now and the results are encouraging. The number of sharecroppers converted into leaseholders has risen faster in areas covered by the project than elsewhere in the country. Production of rice has also increased and successful attempts have been initiated for the diversification of crops. Above all the Project has shown successful ways of integrating agricultural development programmes, built around land reform.

Llanera Multi-Purpose Co-operative Project. Directly under the Nueva Ecija Land Reform Integrated Development Programme is the multi-purpose co-operative project in barrio General Ricarte in Llanera, Nueva Ecija. This aims to put up a multi-purpose co-operative organization in one barrio which will centralize credit operations, farm improvement projects, marketing and general producer and consumer services. This project is receiving technical assistance from the government of Israel, which has supplied two experts.

Tarlac Rural Development Project. This project involves an area of 1,749 hectares in the provinces of Tarlac and Pampanga, to be developed and converted into an organized settlement jointly by the Department of Agrarian Reform and the Tarlac Rural Development Foundation.

The Foundation shall assist in the financing of a fruit orchard project with inter-crops; a feeder cattle project for production of beef cattle; and a vegetable production project. It shall also undertake, on a long-range basis and dependent on financial feasibility, the following additional projects: organization of an agricultural co-operative; housing project for settlers; a feedmill; a refrigeration plant; and other farm facilities.

The Department of Agrarian Reform shall construct the needed irrigation infrastructures and facilities, screen the settlers, subdivide the area into economic family-size farms and distribute these to *bona fide* farmers.

Agusan Resettlement Project. For the first time, a religious group has volunteered to assist the Department of Agrarian Reform in the development of its settlement areas. For this purpose the 16,400 hectares in Talacogon, Agusan, became the site of the joint venture between the National Council of Churches of the Philippines (NCCP) and the department. This united effort aims to increase agricultural productivity and raise farming incomes through: wider and effective use of production inputs; careful land

use; adoption of modern farming methods; establishment of marketing facilities; provision or incentives for settlers/farmers to became full owners of the land; establishment of settlement service centres; and construction of infrastructure and irrigation facilities.

Experience in collaborating with the private sector has been fruitful and rewarding. It affords Philippine authorities the rare chance of seeing shortcomings through the eyes of others, and enables the government to draw material and moral support from the wider community.

Editorial note: This article was completed before the declaration of martial law in the Philippines on 22 September 1972, shortly after which President Marcos declared the entire country a "land reform area". "Operation Land Transfer" is currently seeking to implement the "Farmers' Emancipation Act", a supplementary presidential decree of 21 October 1972, designed to break up about 1.5 million hectares of large estates, mostly planted in rice and maize, for re-distribution among an estimated 715,000 tillers throughout the country.

To ensure equitable distribution of the land, the decree stipulates that lots granted to tenant farmers should not exceed 5 hectares of non-irrigated or 3 hectares of irrigated land. The decree contains provisions primarily designed to safeguard tenants' rights. But it requires farmers wishing to own land to apply for membership of recognized co-operatives and it prohibits the transfer of ownership of acquired land except by hereditary succession.

Landowners are allowed to retain ownership of no more than 7 hectares providing they have been tilling the land or undertake to do so. The Government will extend to them all forms of assistance, including loans, to enable them to invest in industrial ventures or to buy up undeveloped public lands.

In the implementation of the land reform programme, Central Luzon, the Cagayan Valley and the Bicol region have been designated as priority areas, primarily because of the longstanding agrarian and social discontent in these regions.

President Marcos has augmented the Department of Agrarian Reform with an Agricultural Productivity Commission, and has designated a number of able, dedicated public servants to act as Presidential Regional Officers for Development (PROD). The latter are vested with authority to ensure speedy and effective implementation of the various reform and development projects of the "New Society".

In addition, the Government has sent to the provinces some 2,000 employees who have completed training in co-operative management and about 3,000 land technicians. The President has ordered a review of land titles issued in the past, laying down the policies concerning the cancellation of titles where the land area covered has been illegally increased or where it has remained undeveloped within the five-year reglementary period.

By 23 January this year a total of 422 certificates of land transfer had already been issued, and since then about 15,000 tenant farmers have been properly identified and their land shares will be distributed in due course. The Government aims to effect the transfer of some 500,000 hectares of privately-owned land to about 270,000 *bona fide* tenant-farmers by the end of June 1973.

By March 1973, 34,795 lessees had benefited from the advice and training services of Government technicians. A total of 46,397 farmers, cultivating 105,091 hectares under rice and maize had received credit facilities, valued in all at 25.5 million pesos. Legal services, particularly in the execution of leasehold contracts, had been extended to 22,912 tenant farmers.

Last year, 851 settler families migrated to more promising and less congested areas. The continuing programme to improve these resettlement projects has resulted in the construction of 283 km. of roads and bridges. The Government hopes that as the resettlement projects are developed and improved they will eventually evolve into viable economic and political units under the administrative control of local (provincial) authorities. □

Land Reform: The Asian Perspective

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MOST countries in the Southeast Asia region are faced with defective agrarian structures. Such defects are known to be hindrances to progressive social and economic development. With the exception of Japan and Taiwan, where land reform has been completed, most countries are still struggling with the attendant problems of agrarian reform. So as to gain an appreciation of the efforts being undertaken in different countries of the region, the Food and Agriculture Organization (FAO) of the United Nations, through its regional office in Bangkok, organized a study tour in June-July 1972 for senior officials from some South-East Asian countries, closely involved in the implementation of agrarian reform in their respective countries. The officials were asked to look particularly into measures of changing the tenure systems, land settlement, land consolidation, supporting services to sustain the production structure, including research, evaluation and training. The tour was largely financed by the John C. Lincoln Institute of the University of Hartford, in Connecticut, U.S.A., an institution devoted to the furtherance of progressive taxation measures and land use, including agrarian reform. The FAO also met part of the expenditure.

Philippines

The group visited land reform areas in Central Luzon, particularly the operational activities of the Nueva Ecija Land Reform Integrated Project. This is the Special Project where the Department of Agrarian Reform (DAR), the National Food and Agriculture Council (NFAC), and the Nueva Ecija Provincial Government join hands to harness all available resources to land reform and the food programme, with the United States Agency for International Development providing commodity assistance and production credit. The group also visited the pilot "moshav" project, illustrating the multi-purpose co-operative societies in Barrio Ricarte in Llanera, Nueva Ecija. This project is being undertaken as a joint project of the DAR and the NFAC with technical assistance from the Government of Israel. The project is aimed at establishing a multi-purpose co-operative which will organize the member-farmers, centralize acquisition of credit needed for production and capital implements for farm development, market the produce and provide general producers' and consumers' services. Included in the itinerary was the Pantabangan Resettlement Project where, in collaboration with the National Irrigation Administration, the DAR will resettle some 1,624 families from the municipality of Pantabangan and seven of its barrios which will be submerged upon the completion of the multi-million peso World Bank-NIA Upper Pampanga River Irrigation Project. Other projects of interest were visited: the Capas-Bamban settlement Project in Tarlac, the Magiliw Relocation Project in Mabalacat, Pampanga, the Magalang Development Project in Magalang, Pampanga, the Farmer Training Centre in Barrio Mamatid, Cabuyao, Laguna, the IRRI and UPCA in Los Banos, Laguna.

Discussions and conferences were held with senior staff as well as field officers of the Department, with the Staff of the Agrarian Reform Institute at the University of the Philippines, with the heads of farmers' organizations, notably the Federation of Free Farmers (FFF), the Federation of Land Reform Farmers (FLRF), and the Filipino Agrarian Reform Movement.

Japan

In Japan the group visited the perfecture of Iberaki, particularly Ishioka City, which is the seat of the Regional Federation of Agricultural Co-operatives. In the post-land reform phase, the regional federation is regarded as an effective way of managing the servicing, marketing, credit and crop insurance for farmers through individual or unit co-operatives. Farmer training in this area is inseparably linked with the other agricultural services that support production.

A joint briefing by the Ministry of Foreign Affairs and the Ministry of Agriculture gave the group an overview of government policies towards the "democratization of the social order" and the "improvement of agricultural productivity." Discussions then ensured about the now famous land reform programme sponsored by General MacArthur and his occupation forces, under which laws were enacted in 1945-1946 to regulate farm rent, strengthen cultivation rights of farmers and to ensure the release of agricultural lands.

Since 1970, the Government has removed ceilings on

land-holdings. (It will be noted that India and Ceylon have discussed the need to establish ceilings in their respective parliaments. The Philippine ceiling had been set at 75 hectares and was subsequently reduced to 24 hectares*). The rationale for the Japanese abolition of ceilings is the government's desire to increase agricultural productivity per household, reasoning that if a family could farm 3 hectares efficiently, it can manage more, not by renting or leasing out, but by cultivating the land under its own management with hired labour and with the aid of machinery. (Post-reform Japan is highly industrialized and therefore faces the problems resulting from the migration of rural workers to urban centres of employment.)

Under the policy of land consolidation, the government is granting a subsidy of up to 40-60 per cent of the cost of consolidation. This policy aims to prevent fragmentation (the scattered location in small parcels of land belonging to a single land-owner) and to improve the irrigation, drainage and road systems on farms. Land consolidation is at present voluntary, but if two-thirds of the cultivators in a given area agree, the government carries it out.

Malaysia

The activities of the Federal Land Development Authority (FELDA) in the systematic approach to land development and land settlement merit close study. The Authority is opening up jungle land for palm oil and rubber plantations, dollar earners for the Malaysian economy. This multi-million dollar project is receiving assistance from the World Bank. The support given to research and training, twin-activities that back up development projects, is note worthy.

Sri Lanka (Ceylon)

Sri Lanka (Ceylon) is one of the countries which enacted land reform legislation in the 1950s. The Paddy Lands Act provided permanent and heritable tenure to tenant cultivators, made eviction of tenants a punishable offence and created Cultivation Committees with powers and duties connected with the management and development of paddy lands. The study-tour visited projects in the Wet and the Dry Zones, illustrating the diversified sectors of the national economy, notably the plantation and the paddy land sectors. "Colonization schemes," the Ceylonese term for resettlement, were visited. As in Malaysia, the Government has a definite policy on selection of settlers, provision for infra-structure, housing and subsidies for the first few months of settling in a new area. Most of these colonization schemes are based on irrigation projects on which the Government spends a considerable part of its budget.

The Government has also recently established an Agrarian Research and Training Institute with similar functions to the Philippine Agrarian Reform Institute. It is also expected to advise the government on the organizational framework for agricultural production, including land tenure, production and supporting services, both nationally and in each agro-climatic region.

India

India's approach to land reform varies from State to State. But although land reform is a concern of State Governments, it is also recognized as an integral part of national economic planning. Therefore, the Central Government has the necessary powers to lay down broad land reform policies, leaving the State Governments to legislate and implement the programmes. Usually, the national policy is arrived at on the basis of consensus after consultations with the State Governments.

The Indian land reform programmes included the abolition of the *Zamindars* or intermediaries, and reforms of the tenancy system to provide fixed, fair rent and security of tenure by bringing the tenants into direct relationship with the State. The establishment of land ceilings was also recommended to release some land to agricultural workers. The consolidation of agricultural holdings was also included as a national policy.

The Ministry of Agriculture reports complete abolition of landlordism and other intermediary tenures. State measures for the regulation of rents vary within the broad national policy of charging a fifth to a quarter of the gross produce of land-holdings. Measures for security of tenure and conferment of ownership have been effected. But there is great difficulty in carrying out the application of a ceiling on land-holdings. Land consolidation has, in spite of certain problems, met with success in some States while other States have lagged behind.

LAND TENURE

The countries visited represented a cross section of the Asian region and of efforts to solve problems relating to land and people. Japan, Malaysia, Sri Lanka, India, and the Philippines have been undertaking measures to improve national agrarian structures so as to make them responsive to the requirements of social and economic development. These areas are largely characterized by absentee landlordism, insecurity of tenure, stagnating agricultural growth, coupled with high pressures on land due to high birth rate and absence of employment opportunities in other sectors. There is another parallelism in the sense that powerful vested interests and landed aristocracy dominate the political, social as well as economic scene, hindering reform programmes. Japan, India, Sri Lanka (Ceylon) and the Philippines, have passed legislation to correct patterns of land ownership and the customary and contractual relationships of landowners and tillers. Reforms included abolition of intermediaries, fixation and

*Under the martial law regulation it was reduced to 7 hectares. Re-distributed land holdings were restricted to 5 hectares of unirrigated land and 3 hectares of irrigated land.

regulation of rentals, limitation in land-holdings or fixation of ceilings on land. A strong determination by Governments to carry out the programmes was present in all these countries where implementation was successful.

Japan was able to rely on strong farmers' organizations in the implementation of land reform measures, in addition to a determined government. Sri Lanka (Ceylon) has its Cultivation Committees which have great potential for reflecting the farmer's viewpoint. In Malaysian programmes the lands under development or settlement are government-owned. However, farmers' associations are being successfully established, particularly in the rice areas. The Philippines Government forsees stronger farmers' organizations developing as a salutary response to farm development programmes.

LAND SETTLEMENT

All the countries visited, except Japan, have programmes of land settlement. The systematic approach to land development and settlement in Malaysia's Federal Land Development Authority is noteworthy. The autonomous powers with which it is vested, as well as sufficient financial resources, facilitate both administration and operation of settlement schemes, considering the tremendous initial capital investment necessary for infrastructure development.

Sri Lanka's (Ceylon's) colonization schemes illustrate the necessity for a continuing revision of settlement or resettlement processes. The schemes were undertaken to resettle the Dry Zone areas which were depopulated when the Wet Zone areas were developed with plantation crops (tea, rubber and coffee). The Dry Zone areas once flourished with a vigorous and prosperous peasantry. Though called "dry", the difficulty of seasonal and unreliable rainfall was overcome by the construction of a large network of water-storage-tanks, reservoirs and irrigation channels. Major colonization schemes involved repairing the tanks and channels, and pursuing a policy which included (a) a system of selecting colonists for the area; (b) systematic physical planning of schemes; (c) improvement of co-ordination among the various agencies responsible for colonization; and (d) the development of local institutions such as Cultivation Committees and multi-purpose Co-operatives. New concepts of settlement and development are being introduced into the Mahaweli Project, a billion-dollar multi-purpose rice valley project, financed by the World Bank.

PRODUCTION AND SUPPORTING SERVICES

The success of tenure reform usually depends upon adjustments in the production structure and supporting services. These adjustments relate to the supply of agricultural credit and adequate and timely inputs particularly if such services and inputs were originally provided by the landowners, and are now provided in smaller measure or totally denied altogether. This was particularly observed in Japan, where the co-operatives have sufficient credit. In India, credit to farmers is provided by co-operatives and Land Development Banks with massive aid from the Reserve Bank (the central bank). State Agro-Industrial Corporations also provide a system of hire-purchase of farm machinery. In the Punjab and Haryana, for instance, young, enterprising agricultural technicians provide machineries for hire to farmers in the locality. This service gives a boost to production. Measures relating to marketing and price mechanisms, while they vary in nature and scope, stress the role of co-operatives. Japan's Agricultural Loss Compensation Law, passed in 1947, insured farm businesses against price risks for rice, wheat, barley, cattle, horses and hogs. The Fruit and Fruit-tree Insurance Temporary Law, promulgated in 1967, was applied to mandarin oranges, summer oranges, apples, pears, grapes and peaches for five years from 1968. It may be a long time before the Philippine Government can attempt any such national crop insurance scheme.

Measures to improve and increase production by providing farmer-beneficiaries of the land reform programme with easy access to sufficient supplies at the right time and at reasonable cost of seeds of high-yielding varieties, fertilizers, pesticides and other inputs are critical. Co-operatives and farmers' organizations can improve the production, marketing, storage and distribution of crucial inputs.

There a clear need for extension services whether in the areas affected by tenancy reform measures as in the Philippines, Sri Lanka (Ceylon) and India or in the newly-developed areas for settlement, as in Malaysia. The integrated approach was found to be most effective, particularly when the technical elements of agricultural extension were knit into the operational aspects of the land reform programme. In Malaysia, for example, extension services centred on improved farming technique and home-making classes.

RESEARCH, EVALUATION AND TRAINING

Almost all countries visited recognized the value of research to support and complement operations and of training for both staff and clientele to sustain the benefits derived from the programme. The FELDA has established a Research and Training Centre in Kuala Lumpur to train government staff and clientele (farmers, housewives and youth leaders). Sri Lanka (Ceylon) has established, with assistance from the United Nations, an Agrarian Research and Training Institute which will "foster, assist, encourage and co-operate in the agrarian research of various institutions, including government departments, state corporations and the University." It will also provide training activities and programmes relevant to the agrarian needs of the country either individually or in association with other national or foreign institutions. It will evaluate the implementation of the government's agrarian and agricultural programmes. Japan's farmer-training programmes are undertaken by the Regional Federation of Agricultural

Co-operatives. In effect, the Philippine effort for a comprehensive approach to training of central staff as well as field officers and technicians is recognized as a salient feature of the land reform programme. The establishment of the Agrarian Research Institute at the University of the Philippines under the joint sponsorship of the Department of Agrarian Reform and the university of the Philippines reinforces training by the Philippine Land Reform Centre for Continuing Education and the research and evaluation activities of the Planning Service of the Department.

CONCLUSION

All land reform schemes will be meaningless if they are not motivated by a superior intelligence and political will. The bureaucracy can only move if its leadership is truly committed to changing the archaic Asian social structure.

The task of agrarian reform, however, is not the responsibility of the national leadership solely. In many instances, a well-laid programme may fail because the farmers are not receptive or organized. Farmers' organizations —co-operatives or committees—can assist governments primarily because they are able to illustrate to their members the utility of economic change.

The experiences of Taiwan and Japan show that land or agrarian reform are not static processes. New forms of co-operatives or organizational arrangements among farm workers are continually evolving just as new ideas of modernization are also being tested.

The creation of a new society out of the traditional rural mould can be achieved only if the tremendous forces to be contended with are understood.

Old prejudices against agrarian reform are being eroded, not so much by the enlightenment of the old landholding elite, but by the recognition of various sectors of society that by spreading economic benefits to the farmer, a government makes of him a good member of society.

More than any slogan, this is perhaps the underlying thought in all the Asian countries which have initiated land reform. □

The Paris agreement and the Future of Vietnam

Frank Mount

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IT can be confidently said about the Paris Agreement that it will not stop the shooting in Vietnam. Neither Hanoi nor the indigenous Viet Cong (VC) have given up their thirty-year-old objective of taking political power in Saigon. In the absence of an international agreement giving them that power, they cannot achieve it without the use of force. Political tactics can and will be employed, but the element of force is indispensible. Fighting will therefore continue, although there will be periods, perhaps even long ones, when its intensity will be low. We can expect continued guerrilla activity and terrorist harrassment, with divisional or main-force North Vietnamese Army (NVA) offensive actions should Hanoi consider them to be advantageous. There is no way that the various international bodies established by the Paris Agreement can adequately observe and report on violations of the ceasefire. There is no way that land and sea infiltration into South Vietnam can be satisfactorily observed. There is no way assassinations and terrorist acts can be stopped.

The fact that the Paris Agreement failed to stipulate a NVA withdrawal led some circles, quite wrongly, to view the Agreement as being close to a U.S. sell-out of South Vietnam. An analysis of the military capabilities of the North and the South shows the Agreement not to be that. The hard reality is that a withdrawal of NVA forces could not possibly have been supervised. For one thing, NVA troops could have switched to Viet Cong uniforms. An inclusion of a provision providing for NVA withdrawal would therefore not have significantly altered the balance of forces in South Vietnam.

Another obvious anomal in the written text is its failure to limit international, that is Russian and Chinese, military assistance to Hanoi and the NVA, while restricting international supplies to Saigon. But there are very good reasons for believing that Russian aid to Hanoi will now decline, probably to a level where it approximately balances China's reduced assistance. In view of this, the quantity and quality of U.S. supplies to Saigon permitted under the Agreement should be adequate to enable South Vietnam to hold militarily against North Vietnam and the Viet Cong.

At the present time, the South and North Vietnamese armies are at least equal forces. In fact, it is almost certain that the balance is now in favour of the Southern army (ARVN), as the NVA was seriously damaged during the 1972 Invasion. It is in bad shape, as is North Vietnam generally. At the moment, the NVA has a capacity for serious offensive actions in the South, but not for a major offensive of the intensity of last year's invasion. It will take the North at least 2-4 years to build up for another effort of that magnitude. With a decline in Russian support, it is even doubtful if it will be able to do it then. Without adequate Russian support, Hanoi's hopes for a military victory over ARVN rest on a cessation or drastic reduction in US military and/or economic support to the South. If that were to happen, the South would find it very difficult to maintain its internal structures and would not be able to hold against NVA offensives. However, it is not likely to happen.

The Vietnam war, as has always been recognized, is as much a political as a military conflict. The two are inseparable. The basic issue of the war has been who would control or comprise the Government in Saigon. It is impossible therefore to have an agreement to end the war that does not attempt to settle the political issue. The January Paris Agreement says only that the Government of South Vietnam (GVN) and the VC/NLF (or Provisional Revolutionary Government-PRG), should hold discussions on the subject and consult with a view to establishing a National Council of Reconciliation and Concord (NCRC) to organize national elections. It is up to them to attempt to settle the political issues. There is, as far as I can see, no firm obligation on the parties to reach a political solution. It is in the political aspect, however much the lines may appear blurred, that the major difference between the October draft and the January Agreement was to be found.

The October draft Agreement as outlined by *Radio Hanoi* on 26 October, with which Dr. Kissinger, the US National Security Adviser, said he had no arguments, provided that, "the *two present administrations* in South Vietnam will remain in existence with their respective domestic and external functions. These two administrations shall

immediately hold consultations with a view to.....forming an administration of national concord which shall have the task of promoting the South Vietnamese parties' implementation of the signed agreements and organizing general elections in South Vietnam" (author's italics).

By an "administration of national concord" Hanoi meant a governmental administration, just as one might refer to the 'Nixon Administration'. It would have been a three–part council of GVN, 'neutralist' and VC/PRG representatives. What the whole proposition meant in fact (and it must be remembered that Hanoi drafted and proposed the Agreement) was that the Thieu Government, while technically remaining in existence with authority over the area it controlled, would have to share power in Saigon with the neutralists and the VC/PRG Administration in a coalition government. Further, all NCRC decisions were to be taken unanimously. This meant the VC/PRG could, at least technically, have vetoed any GVN decision. The Thieu Government would have been paralysed – and a paralysed government, in Vietnam's context, would have been a defeated government. It was in this situation that the NCRC would have organized general elections.

It is noteworthy that it was this political arrangement, and not the ceasefire provisions, that Hanoi gave first and by far the greatest amount of coverage in its 26 October broadcast.

Dr. Kissinger in his Press conference of the same day declared that the NCRC was only an election commission and not "anything comparable to a coalition government". Clearly there was a serious difference of view. It centred over the meaning of the term "administrative structure", which in the Vietnamese text was at least ambiguous (See *China News Analysis*, P.J. Honey, 8 December 1972), if not indisputedly meaning 'governmental'. Certainly the latter was North Vietnam's interpretation. Prime Minister Pham Van Dong, for example, referred to a "three-sided coalition of transition" during an October interview in Hanoi. (See *Newsweek*, 30 October 1972).

The January Agreement makes no mention of the NCRC being an "administration". It says, in essence, that the two South Vietnamese "parties" shall hold consultations to set up an NCRC of three equal segments having two main tasks, one to promote the implementation of the Agreement and the other to organize general elections for whatever institutions they agree on. The NCRC is therefore an election commission only, with the Thieu Government remaining the sole authority in Saigon, at least until elections are held.

Another noteworthy stipulation of the Agreement is that, "the two South Vietnamese parties shall sign an agreement on the internal matters of South Vietnam as soon as possible and do their utmost to accomplish this within ninety days....." This is an extremely vague statement. Apart from the establishment of a NCRC to organize elections and a paragraph saying that the question of troop reductions should be "discussed", there is no indication of what the "internal matters" might encompass. We are likely to find, assuming the two parties can eventually reach agreement, that it will involve, in essence, nothing more than the NCRC and the elections.

The January Agreement, therefore, unlike the October draft, does not give the Communists political power in Saigon. It leaves the GVN intact under Thieu, and provides that the VC/NLF can gain political representation in Saigon only through elections. If elections with VC/NLF participation are held – which at this stage must be considered doubtful – the GVN will win. Of that there is little or no doubt. The VC/NLF – even with the aid of terror – would not get more than 15-20 per cent of the vote. They could not possibly win a Presidential election and could obtain only a handful of Deputies and Senators in a legislative election. The VC/NLF have undoubtedly got the short end of the stick in the negotiations.

Overall, it can be said that the Agreement has left South Vietnam in a reasonably good position. As long as U.S. military and economic support continues at an adequate level, it should survive.

The Agreement and Hanoi.

In North Vietnam's view, the Paris Agreement means neither final victory nor defeat in their war against South Vietnam. All it means is a ceasefire between themselves and the Americans; the return of American prisoners of war; and an opportunity to rebuild their country, re-establishing a working economy, stabilizing the Lao Dong (Communist) Party machine, and, hopefully, modernizing and reorganizing their forces. It does not mean an end to their war effort in the South. Hanoi has made it perfectly clear in its publications and media that while the Agreement is a "great and glorious victory", it is but a "turning point"; a basis from which to proceed to "final victory" (e.g. see *Radio Hanoi*, 28 January 1973; *Nhan Dan*, the Party newspaper, 28 January 1973, 27 November 1972*). Hanoi leaders, such as Defence Minister Giap, have in recent weeks underlined the point saying that their "armed forces and people" will continue to support the struggle of the "southern compatriots" and that "we will certainly win victory" (e.g. see *Hanoi Radio Domestic Service*, 4 February 1973; *Nhan Dan*, 29 January 1973). As this correspondent suggested some time ago (see *News Weekly*, Melbourne, 19 February 1972), Hanoi would not agree to a political-military settlement to end its war in the South, unless the agreement provided for a coalition government in Saigon. That is, it would continue until victory over Saigon was achieved. Last October's draft agreement would have given them that victory. That is why they were so eager to have it signed. It would have changed the nature of the Saigon Government in such a way as to

*Most of the quotations from, and reference to, North Vietnamese sources in this article are derived from issues of *Principal Reports from Communist Sources* and *Vietnam Documents and Research Notes*, both published by the United States Information Service, Saigon.

mean defeat for the Republic of Vietnam (South Vietnam); it would have displaced the Thieu Government as the sole sovereign power in South Vietnam, giving, through a veto, equal authority to the Hanoi-controlled Viet Cong. Despite what Dr. Kissinger said on 26 October, Hanoi had not then separated the political and military aspects of the problem. Once it was made clear to Hanoi that President Nixon would not agree to the imposition of a coalition government, Hanoi lost interest, not only in a political arrangement or 'solution', but apparently in the whole deal. This was not really surprising. Hanoi was then forced reluctantly to sign the adjusted document because of President Nixon's unprecedented December bombing. However, apart from the effects of the December bombing, it should not be overlooked that both sides were under considerable pressure to save 'face'. The Hanoi negotiators had failed to seal the agreement after loudly proclaiming a victory to their colleagues and people whose hopes of an end to the North's destruction had been raised high by the American preparedness to completely disengage from the war and cease the bombing permanently. The Americans, for their part, had been seriously embarrassed both at home and abroad by the collapse of an agreement which Dr. Kissinger had confidently stated was all but wrapped up. The bombing, it appears, tipped the scales in Hanoi and hence can be said to have been decisive. President Nixon, therefore must be credited with having finally exacted from Hanoi a separation of the military and political issues. It is important to record that this was the product of President Nixon's hard pressure and not Dr. Kissinger's "goodwill" diplomacy. Consequently, the January Agreement leaves the nature of the Saigon Government and the political future of South Vietnam subjects for obligatory but unconditional discussion between the Government of South Vietnam (GVN) and the National Liberation Front (NLF). It does not even place an obligation on these two parties to agree on anything except, perhaps, the formation of the NCRC and the institutions for which elections are to be held and it specificially debars international interference in this matter.

Since Hanoi, on its own admission, has not achieved final victory, and continues to pledge itself to that objective, it must interpret the Agreement as not an end to the war, but simply an advance in its battlefield position. Whether or not the Hanoi leaders really believe such an advance has been achieved, that is how they must justify the Agreement in Hanoi and to the indigenous VC in the South. This is what they are now doing. Indeed they have little or no choice. Even if they were convinced that a military victory over Saigon was now impossible, (and no one is suggesting the situation is that), they could not admit it. They would have publicly to continue their war effort. The only way they can end their war without final victory is through an unproclaimed and gradual fade-out, with the fighting slowly falling off over a number of years. There might be periodic offensives every three of four years, but each would be weaker than the one preceding it. That always seemed the way the war would end, and despite the January Agreement, it still seems likely. While no one is suggesting that Hanoi does believe a final military victory in the future is impossible, it can be said with some confidence that it considers the possibility of it to be low. When it speaks today of the Agreement advancing its battlefield position it is talking in terms of the long run. We have, for example, Nguyen Khanh Toan, an alternate member of the Lao Dong Party Central Committee, writing in the November issue of *Hoc Tap:* "There is a time for us to advance, but there is also a time for us to step backward temporarily in order to advance more steadily later". And it seems clear from the statements of Truong Chinh and General Giap that priority must now be given to the rehabilitation of the North and the development of the NVA into a "regular, modern and powerful army".

The reason that Hanoi cannot publicly declare an end to the war without final victory, or sign an agreement to that effect, but repeatedly states that it will go on for twenty years until victory even if it completely exhausts the North, has to do with the nature of the Hanoi leadership and the requirements of the system they have constructed to keep themselves in power. For over twenty five years the Lao Dong Party leaders have, unlike the leaders of any other Communist country, equated the "inevitable victory of the revolution" with the conquest or 'liberation' of another State. To declare an end to the war without victory would be to admit that the revolution has failed; that they, individually and collectively, have been defeated. It would probably mean their fall or loss of power. In fact it could mean more. The political/administrative apparatus they established in order to maintain their power, largely depends for its stability, if not viability, on constant forward momentum generated by the 'permanent revolution'. A clearly visible failure of the "revolution" therefore might have far-reaching consequences.

In this regard, it may not be without significance that last December, following the failure of the Spring-Summer Invasion, military authorities in Regions Three and Four appear to have taken over the local administrations from the civil authorities who are controlled by the Party. (Region Three covers most of the Red River Delta, including Hanoi and Haiphong, while Region Four encompasses the long panhandle). Not only has there been criticism from the Army over the general performance of local Party leaders, but Giap has implicitly complained about the role and activities of Party committees and political officers within the Army, suggesting among other things, a lack of understanding of military affairs on the part of Party members. None of this may mean very much. It is said simply to suggest that observers should look for indications at the national level of friction between the professional military leaders and the predominately civilian Politburo and Secretariat. There are good reasons why the military leaders might be unhappy with the policies handed down by the Politburo and Secretariat. After all, after twenty years of struggle, they have left the nation

devastated and the Army seriously weakened, without victory. In fact, on the battlefield, the Army has suffered one defeat after another. It is by no means certain that the military leaders believe that the January Agreement represents an advance in their battlefield position. It is quite possible that they see it as an indication of defeat, or at least a step in the fade-out process.

However, the above is largely speculation. In assessing Hanoi's likely course of action in the future we must assume that the national leadership will remain essentially united; that while there may be serious differences of opinion and personal frictions, once a major policy decision is taken it will have sufficient support to be effectively implemented. We must also assume, if the basic contention of this analysis is correct, that not only will Hanoi continue fighting in the South, but that its justification of the January Agreement–if nothing else–will force them into further NVA offensives in the South

It is possible that Hanoi might initiate serious offensive actions (as distinct from a major offensive) within the next six to twelve months. If so, they could be timed to coincide with elections should the GVN/NLF discussions reach agreement on the holding of them. That the NVA possesses the capability for such offensive actions in Military Region 1, in the tri-border areas near Kontum and Pleiku, and in one or two border areas further south, is not doubted. The present flow of supplies, weaponry, and men, down the Laotian and pan-DMZ infiltration routes has strengthened speculation concerning the possibility of such actions.* There might, of course, be an alternative explanation – namely the re-fitting and filling out of the NVA's badly depleted and partially demoralized divisions in the South. If the offensives are launched, the objective would be to inflict one or two significant defeats on ARVN, thereby undermining confidence in the GVN administration. If timed to coincide with the elections, this would enable the NVA to exploit VC-initiated disturbances in villages and hamlets which are expected throughout the country during an election campaign. In other words, the objectives would be more psychological than military. They would be hoping to capitalize on the undoubted feeling of uncertainty as to the future at present prevalent among many Southerners. However, Hanoi would be likely to find that if it did go through with such an operation it would fail to achieve its objective. There is every reason to believe the South Vietnamese Armed Forces, whose morale at present is quite high, would inflict on them another defeat – improving rather than weakening confidence in the GVN. Moreover, it might trigger a redeployment of U.S. bombing over Vietnam which would mean the destruction, rather than simply the defeat, of NVA forces. President Nixon has threatened that should the NVA seriously breach the ceasefire, he would strongly react. Since a number of observers doubt the credibility of that threat, it should be pointed out that Hanoi's doubts as to the credibility of President Nixon's severe warnings in 1969 and 1970 that he would take stern measures should they launch an offensive, played an important part in their decision to undertake last year's invasion. They misread and under estimated Nixon and paid a heavy price. One would think that the lesson should weigh on Hanoi for the remainder of President Nixon's term. For this reason it is thought by some that the NVA is unlikely to embark on offensive actions over the next twelve months. They might be right. Yet the possibility cannot be at all dismissed. The men of the Lao Dong Party Politburo are a basically inflexible, intransigent lot, irrationally pursuing a thirty-year goal, whatever the human cost. This war is replete with mistakes – on both sides. Hanoi is perfectly capable of another.

Whatever the chances of the above sort of offensive actions materializing, it can fairly confidently be assumed that Hanoi is planning on a major cross-border offensive or invasion in two-four years time. It almost certainly cannot be effected any sooner than that. It took them two years, following the Allied Cambodian operation in 1970, to wind up for last year's effort; it will surely take longer to prepare for another. Apart from this reality, the evidence coming out of Hanoi in recent months–from the speeches of Ton Duc Thang, Truong Chinh, the pages of *Nhan Dan* and *Quan Doi Nhan Dan*, and from other sources–strongly suggests that the North now not only needs, but wants a period of peace and rest in which to deal with a variety of serious internal problems. These it has been unable to hide. It has spoken of the devastation of heavy industry; the poor performance of traditional local industry under State planning goals; corruption and maladministration in the distribution and sale of consumer goods; widespread black-marketeering; production, productivity and managerial problems; the malfunctioning of national communication and transport facilities; the hoarding of grain; serious manpower shortages, so bad that the tenth month harvest was not fully planted; discontent among the families of those killed or missing in the South; and problems of civilian morale and disorder. On top of this, and more, General Vo Nguyen Giap has written a long and exhaustive critique of the NVA and local armed forces in the North, analysing their weaknesses and calling for immediate reforms. The critique is the fourth part of a series of articles entitled, "Arm the Revolutionary Masses and Build the People's Army" and was

*A U.S. Defence Department spokesman said on 11 April that the U.S. Government estimated that infiltration from the North had swollen the numbers of North Vietnamese troops in the South to between 140,000 and 170,000. Between 400 and 500 North Vietnamese tanks and other armoured vehicles were thought to have been brought into the South since 27 January. Infiltration came mainly via the "Ho Chi Minh Trail" and across the Demilitarized Zone separating South from North Vietnam, and the new forces and equipment were said to be stationed in the Central Highlands and around Saigon. The North Vietnamese, according to the U.S. Government, have also set up over 1,100 anti-aircraft and artillery pieces, including eight Surface-to-Air Missiles (SAM) launching pads around Khe Sanh, as well as extending and repairing airstrips in VC-controlled parts of South Vietnam.

published by the army newspaper *Quan Doi Nhan Dan*, on 18 September 1972. More will be said of it later.

Because of the problems referred to above, most of which are the result of years of war and war weariness, Hanoi has apparently decided that it needs a breather. At least the balance of evidence points that way. It seems that immediate priority is to be given to rehabilitation and reconstruction over the direct pursuit of the war in the South. While Hanoi has certainly not downgraded the importance of achieving its long sought objectives in the South, its major energies for the time being are likely to be devoted to the North. Over the next two years its efforts in the South are likely to be limited to refitting and regenerating its divisions along the borders and to doing whatever it can, at a minimum cost, to assist the VC/NLF obtain a toe-hold in Saigon's political system with the objective of undermining GVN efficiency and morale in preparation for the anticipated all-out offensive in two to four years time. Whether or not this might involve relatively small-scale offensive actions in South Vietnam has already been discussed. (The VC/NLF's capabilities are the subject of another part of this analysis).

Any projections concerning Hanoi's potentialities and the overall North-South balance in two-four years time must, of course, be very largely speculative. However, the following comments can probably be made. Let us first assume that Russian and Chinese supplies to the North were to continue at their 1970-1972 levels. In that case, an all-out NVA offensive might reach something like the intensity of the 1972 campaign. The NVA would probably have better and more sophisticated weaponry, both on the ground and in the air, and presumably would be able to handle and deploy them more effectively than last year. Their logistical situation, in the absence of U.S. strategic bombing, should also be better. However, it is doubtful if the general quality of the NVA infantry would be much higher. As last year's invasion clearly demonstrated, the NVA is nothing like the army it used to be. Had it not been for the Russian-supplied tanks, artillery, missiles and anti-aircraft batteries, it is fair to say that the NVA's offensive capability in 1972 would not have been very great. The infantry did not perform well. They took extremely high casualties. As a result, most of the 10-13 NVA divisions in South Vietnam or on and around its borders, are now operating at only 50-70 per cent capacity. There is ample evidence suggesting serious morale and leadership problems. A considerable percentage of the troops are inexperienced teenagers. Overall, they are not in good shape. It is in this context that one must view Giap critique of the NVA published following the failure of the invasion. Calling for a "highly modern army, consisting of, a modern ground force, a modern air force and a modern navy" Giap says:

> Our ground force ***must advance towards*** having adequate necessary armed branches, having a structure and organizational pattern suitable to its ever developing combat duty, having strong fire-power and attack strength and having high mobility in all topographical and weather conditions (author's italics).

> ...with an inferior standard of technical equipment, an irrational organization of forces or incorrect fighting methods, we will not be able to create a great fighting strength and the spiritual factor will not be developed really adequately to become a great material strength to defeat the enemy on the battlefield.

He criticizes the army for:

- Weaknesses in the field of 'regularization' which he defines as "bringing all the army's activities into a uniform pattern, improving its organizational, concentrating and scientific characteristics and achieving unanimous and resolute actions and close co-ordination among all parts of the army in warfare". It is clear that one of the main problems he sees in this regard is the role and activities of the Party within the army, for he states, "...it is necessary to harmonize very well the relations between centralization and democracy, the Party committees and the role of commanders...". He goes on to say, "...it is necessary to improve the ability of Party organizations, cadres and Party members in the army to firmly grasp the Party's political and military lines and raise their practical organization standards".

- Inadequate discipline, which he includes among the problems of "regularization". He complains, "we still do not possess a very rigorous discipline consistent with new developments in the fields of organization and equipment ..." and "...apart from their fundamental strongpoints, our cadres and combatants have many thoughts, habits, ways of life and behaviour that are not in accord with rigorous organizational patterns of a modern army".

- Inadequate training and recruitment procedures.

- The condition of local military and self-defence forces, which are the recruiting grounds for the regular army. These forces, which he points out are organized and guided by local Party organization, must be "considerably" developed quantitively and qualitatively. They must be prepared for the day when the enemy wages "comprehensive attacks" against North Vietnam.

- The quality of the army's cadres. Among many comments, Giap says the cadres must "increase the capability to manage and train troops, the capability to carry out leadership and guidance and the capability to organize co-ordinated combat of the armed branches and forces". This is probably in part a reference to one of the glaring weaknesses of the NVA's 1972 campaign, namely its inability to deploy effectively its Russian-supplied armoured units in co-ordination with infantry assaults.

- Unsatisfactory promotion policies. (Shades of ARVN?).

- An insufficient level of modernization. This is perhaps Giap's major point. He repeatedly comes back to it. Saying that "our army's level of modernization is not yet high", he calls for "constant improvement of equipment and techniques for the army, development of technical branches and services and improvement of our cadres'

and combatants' knowledge of the use of new weapons and war equipment." The last comment is perfectly understandable in view of the extraordinarily inept performance of inexperienced NVA tank-crews and commanders last April/May. In support of its modernization programme, the North, says Giap, "must step up the building of a system of national defence industry and a system of communications suitable to our army's combat demands." Unfortunately for Giap and North Vietnam, the development of the industrial and technical infrastructure required for the sort of modernization and modern army Giap insists is needed, would take years. And it can be taken for certain that whatever time-frame Giap might have had in mind would have to be considerably expanded following the December bombing.

On the basis of the evidence available, it is hard to see the NVA being a much more capable force in two-four years time than it was at the outset of the March Invasion, particularly when one considers the North's admitted manpower problems and the likelihood that whatever reserves are available will probably be needed over the next couple of years for agricultural labour and industrial reconstruction. In fact there has been a suggestion of the demobilization of some NVA troops (see Prime Minister Pham Van Dong's speech to the DRV National Assembly, *Radio Hanoi*, 21 February 1973).

The South Vietnamese Army (ARVN), on the other hand, continues to improve and in the judgement of highly regarded observers, is probably, even now, better than the NVA. Moreover, the South Vietnamese Air Force (VNAF) is today, in terms of aircraft, one of the strongest in the world. Within two years or less, given continued training, VNAF should be an extremely able force possessing not only a defensive, but also an offensive capability. Giap, in the early paragraphs of the article referred to above, recognizes the potential strength of the South Vietnamese Armed Forces. He says of them: "...organized, equipped and trained by the Americans, with their many modern weapons and war means supplied by the Americans, with their modern military branches and services, with the combat coordination of U.S. air and naval forces (they) have gradually become *the key strategic force of the war* of aggression and the key combat target of the revolutionary war. The U.S. imperialists have also tried to develop the might of (the South Vietnamese) modern air and naval forces to attack the northern part of our country" (author's italics). Indeed, Giap's whole treatise on the need for the modernization and regularization of the NVA seems to have been written out of a realization of the growing military strength of South Vietnam and that, even without the U.S. involvement, it will constitute an extremely difficult enemy.

The military fields in which South Vietnam's losses appear to be greatest as a result of the Paris Agreement and the U.S. disengagement are those of strategic and tactical air support. Specifically, this means B52 strategic interdiction and tactical support bombing, and secondly, supersonic tactical support bombing. In regard to the tactical bombing, VNAF should have sufficient time to be able to fill the gap satisfactorily. It should be remembered that during last year's invasion, about 50 per cent of the tactical strikes carried out in support of ARVN ground forces were flown by VNAF. It performed very well. As for interdiction, there are methods other than B52 bombing. While the U.S. was operating, these methods were not permitted. That, most likely, will now change. Of course the alternatives do not possess the range of capabilities of of the B52. However, this may not be necessary.

On balance, therefore, it seems that providing – and this is the great proviso –the U.S. continues to give South Vietnam adequate economic and military assistance (and the one-to-one replacement allowed by the Agreement would be sufficient), there are firm grounds for believing that the South would hold satisfactorily against any NVA offensive/invasion in two to four years time. This is not to say that the battles would not be long and hard. The NVA would probably be able to overrun three or four South Vietnamese provinces in the North and along the Laotian-Cambodian border, but it is most unlikely that they could defeat the South Vietnamese Armed Forces, precipitating a political collapse in Saigon.

This analysis has so far assumed that North Vietnam continues to receive, at least over the next two years, the same degree of Russian military assistance and Chinese aid it obtained during 1970-1972. Without this, it can safely be said that, but for catastrophic field errors by ARVN generals, the NVA has no chance of militarily defeating South Vietnam as long as U.S. supplies continue. Yet it can be taken as almost certain that, with the U.S. out of Vietnam, Russian supplies to the North will now decline – probably to a level where they roughly balance Chinese aid, which has been more economic than military. This decline should take place irrespective of any US/USSR understandings which might recently have been negotiated by Kissinger. The reason for this is that the Russians have long wanted the war to end so as to get the U.S. out, not only of Vietnam but if possible, all of South East Asia. They have envisaged filling the resultant power-vacuum as part of their drive to encircle China and expand their global power. However, as long as the U.S. remained in Vietnam, their policy was to make things as difficult as possible for the Americans because this would contribute to a weakening of the Western position in Europe. Now that the Americans are out of Vietnam, Russia no longer has any great interest in supporting Hanoi's war effort. Moscow (like Peking) does not want – and never has wanted – a North Vietnamese victory, for the result would be a united State of Indo-China under Hanoi's control. That would represent a powerful, and almost certainly an expansionist, force in South-East Asia which at best would be a nuisance, and at worst a disruptive factor, as far as Moscow's strategy in the region is concerned. Far better to keep Indo-China divided and both Vietnams weak (again, and for similar reasons, this is also Peking's view). Moscow's aid policy in Vietnam is likely to be guided by the need to maintain and develop its political influence throughout South-east Asia. As I have argued

before (see *News Weekly*, 15 December 1971, 10 January 1973.), Moscow wants, for strategic reasons, good relations with every Governmemt across the region. It will do enough in Hanoi to balance Chinese efforts in North Vietnam, while we can expect that it will be looking for opportunities to establish an interest in Saigon.

If this is to be Russian policy, Hanoi's hopes for a military victory in South Vietnam rest, almost entirely, on a cessation or serious reduction in America's economic and military assistance to the GVN. If that happened – and at the moment it does not seem likely to happen – no South Vietnamese institution would be able to sustain itself. The morale of the GVN and of the South Vietnamese people would collapse. ARVN and VNAF would wither and crumble. South Vietnam would be defeated – and so would the United States, for no amount of sophistry could hide the real cause.

The Agreement and the VC/NLF

The Vietcong and the National Liberation Front have probably got the worst bargain of all the parties to the Paris Agreement.

There is little doubt that the indigenous southerners in the VC/NLF and its various auxiliary organizations are discontented with the terms agreed by North Vietnam. It can safely be assumed that the indigenous southerners had little say in the substance of the Agreement, and little choice as to whether or not their diplomatic wing, the People's Revolutionary Government (PRG) would sign it. The reason for saying this is that the supposedly southern VC/NLF/PRG complex is effectively controlled by Hanoi through its Co-ordinating Office for South Vietnam (COSVN). Of this there is no doubt. It is quite consistent with this situation that the head of the VC delegation to the Joint Military Committee in Saigon, Tran Van Tra, should be a Lieutenant-General of the NVA and an alternate member of the Central Committee of the North Vietnamese Lao Dong (Communist) Party.

In the months before the announcement of a draft Agreement in October 1972, the VC/NLF/PRG had constantly claimed through Mme. Nguyen Thi Binh and company that any settlement to end the war must involve: the resignation or removal of President Thieu; the recognition and institutionalization of the PRG's equality with the GVN; the establishment of a coalition government, through one process or another; and the release of Communist prisoners in the South, including civilians.

The October draft Agreement left Thieu in the Presidency, and failed to make provision for the release of civilian Communist POW's. However, as has already been pointed out in other parts of this analysis, it did provide a mechanism for the establishment of a coalition government, within which the VC/NLF, under the banner of the PRG "administration", would have had equality with the GVN. In fact the VC would have had power to paralyse the GVN machine. Whether the southern VC/NLF leaders saw the situation this way is impossible to judge. But what is clear is that they were unhappy. Evidence from both PRG pronouncements and Hanoi publications adequately substantiate this. One example is worth quoting. A month after Hanoi leaked the contents of the draft, Mme. Nguyen Thi Binh, in a Press interview said: "Many of our friends in other countries are not satisfied with this agreement. We have a good understanding of their feelings, because they know how long and how courageously we have fought and endured great difficulties. We do not think that this agreement will end the war. Even after it has been signed we will have to continue our struggle so that it will be fulfilled. From past experience we know that this will not be easy at all. Under present circumstances, however, we believe that this agreement is in accord with the desires and interests of the South Vietnamese people" (*Akahata*, the Japanese Communist newspaper, 28 November 1972). Mme Binh demanded that two additional provisions should be written into the Agreement–the resignation of President Thieu and the release of civilian 'political' prisoners. However the last paragraph of the above quotation suggests that even at that time the southern VC/NLF elements were resignedly falling into line with Hanoi's wishes and as the days passed, their public statements increasingly reflected the content and structure of those emanating from North Vietnam.

Whatever the full reasons for the VC/NLF's discontent with the draft Agreement, and whatever the extent and intensity of their disagreements with Hanoi, the Agreement signed in January left them in a still worse position. They must have been, and most likely still are, extremely disenchanted with their northern ideological brethren. Whether or not this will have any repercussions in the GVN/NLF bipartite talks in France remains to be seen. But surely it must strengthen Saigon's bargaining position.

Underlying their discontent is almost certainly a realization that their own forces within South Vietnam are today relatively weak. The Vietcong infrastructure (VCI) and its armed supports are not the feared guerrilla apparatus they once were, but are weak qualititively and deficient numerically. There is ample evidence supporting this view from VC defectors and captured documents. They have never recovered from the disasters of the 1968 Tet and May offensives when they lost a high proportion of their best cadres. From then until the 1972 Invasion, their strength was continually chipped away by the GVN's Pacification and Phoenix programmes.

The 1972 Invasion demonstrated, quite effectively, the VCI's lack of capacity. It was planned (perhaps hopefully) that the VCI should rise throughout the rural areas a week or two following the launching of the invasion. By that time the VC expected the NVA to have recorded one or two spectacular victories over ARVN, which it hoped would enable the VC to precipitate successful popular uprisings. The targets for the uprisings were villages, hamlets and small towns – unlike the 1968 Tet Offensive when the targets were the major urban centres. But the ideas was essentially the same. For the larger urban towns

and cities it was planned that the VCI should remain dormant until NVA/VC main force units came into these centres or their environs. The VCI was then to rise. But except for Binh Dinh,* and perhaps Quang Tri, practically nothing happened in either the rural or urban areas. The VCI did not surface in cities and towns such as Hue, Danang, Pleiku, Kontum, Quang Nam, An Loc or Qui Nhon in or around all of which the NVA launched attacks. It simply lacked the capacity. It did not have the organization equal to the task. This, arguably is a fair indication of the VCI's overall national strength. It is possible that it may have some strength in a few places not reached by NVA/VC main-force units last year. But if so, that would not significantly alter the total picture. The VCI, except in a few areas, is today an almost totally ineffective force – and has been for some considerable time. (It is difficult to believe that at least some of the principal Communist authorities at senior levels of the apparatus – e.g. at COSVN – did not realize this long ago. Evidence from captured documents, including COSVN correspondence, clearly pointed in this direction as long ago as 1970.)

Given these weaknesses, and most importantly the poor quality of their political cadres, the VC/NLF/PRG could not possibly win an election against the GVN – and they know this. The best it could win is 15-20 per cent of the vote, and this is including whatever "support" it might be able to harness through the use of terror (which, because of reduced skills is nowadays more indiscriminate than selective). It could not possibly win a Presidential election, while a 15-20 per cent vote would give it little in the House or the Senate. If legislative elections are held, it might even find that its elected candidates, for fear of their lives, would refrain from taking their seats in the parliament. For reasons such as these, it is thought that the NLF/PRG in the Paris negotiations will try to delay any political agreement with the GVN for as long as possible. It needs the time. Apparently, NLF/PRG negotiators are arguing for a new Constitution, to be officially drawn up by an elected Constituent Assembly, which would guarantee direct PRG representation in the Saigon Cabinet. They are hoping that by delaying the talks, the U.S. will pressurize the GVN to compromise in this direction. If this is so, their hopes are likely to be in vain. Once this is realized, they may lose interest in elections, perhaps attempting to blame GVN intransigence for the deadlock in the negotiations. Alternatively, it is quite possible that since the signing of the January Agreement the NLF/PRG has not seriously countenanced a political settlement at all, but has simply wanted the war to continue. Testimony from VC defectors – both soldiers and civilians – supports this view in many cases. The defectors say that VC field leaders do not believe they can win a political struggle. It should be pointed out here that a large majority of VC field leaders are southern-born, but 50-90 per cent of armed units, both guerrilla and main-force, are NVA "fillers". It might be, of course, that while the southern elements both in Vietnam and France do not want to go through an election process, Hanoi will force it on them for its own long-term reasons.

The southern Communists are therefore in an extremely difficult, if not hopeless, position. The January Agreement has given them little; their forces in the field are extremely deficient; and what they have got is controlled by and dependent on the North Vietnamese.

As to the future, it must be considered extremely doubtful that the VC and the VCI can regain much strength among the South Vietnamese population over the next two to three years. The "objective conditions" in which they built their movement in the late 1950s and early 1960s no longer prevail. The following are some of the more important changes:

- As a result of the 1968 and the 1972 offensives the people now know what the Communists are like. They want nothing to do with them. One has only to compare the attitude of the people of Hue today with what it was in 1963, or to recall the flood of refugees in 1972 from An Loc and Quang Tri.

- With the Americans gone, the VC can no longer proselytize under anti-imperialist slogans.

- The GVN's land reform programme is visibly doing what the VC only vaguely promises. Since its promulgation in March 1970, the Land-to-the-Tiller programme has distributed approximately one million hectares (400,000 acres) of land to tenant farmers.

- The South Vietnamese peasant and urban dweller is today living in a period of unprecedented prosperity. There are, of course, a large number of people suffering serious hardship or deprivation. They are mainly to be found in the larger cities, among refugees and the very poorly paid lower-level civil servants. But generally speaking South Vietnamese are not poor by Asian standards. Almost everywhere one goes in South Vietnam one finds that the average family has a Honda, or a motorized boat, or a piece of mechanized agricultural equipment, or a television set, transistor radio or any of a number of domestic appliances. Often it has more than one of these items. The average Vietnamese is hardly likely to give this up for a life in the Annamite jungles or the U Minh swamps promising some distant utopia. The revolution has come!

The VC apparatus itself has changed in two major respects that will affect its future prospects. The nucleus of highly skilled proselytizing cadres, essential for expansion, now hardly exists. It largely went during the 1968 Tet Offensive and its aftermath. The VC still has a considerable number of proselytizing cadres – perhaps thousands – but the quality is not good. Moreover, the VC/NLF complex is rent with distrust and friction between southerners and northerners. It is clear that the southerners in the field want little to do with the northerners. It is most significant that during last year's invasion there were instances

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*See Douglas Pike, *Binh Dinh: the Anatomy of a Province* (South-East Asian Spectrum, January 1973).

in the Mekong Delta of VC units actually moving away from the mobile NVA forces.

It is thought by some VC leaders and outside observers that the release of Communist civilian prisoners will result in a significant regeneration of the VC infrastructure. They may be right, but it is doubtful. Even though the number of former cadres released might run into the thousands, the consequent improvement in VCI performance is likely to be marginal. Indeed, their return could even have the opposite effect. It must be borne in mind that most of them have been in jail for periods from two to six years. In that time, there have been, in many if not most cases, significant changes in the general climate and political conditions in the local areas from which they came. Moreover, in nearly all cases, younger, if far less skilled, cadres have taken their places. It is doubtful if they would be prepared voluntarily to give up those positions and their new-found status for old hands out of touch with present realities It must also be assumed that the returning cadres would add to the North/South frictions. Many of the prisoners were captured during and after the 1968 Tet Offensive. It would be surprising if a large number of them did not directly blame the northerners for that debacle and indeed for their own capture. Overall, therefore, the release of the prisoners might create more problems for the VC than it alleviates.

The Agreement and South Vietnam

South Vietnam has come out of the Paris negotiations in good shape. There are sound reasons for believing it will survive as a non-Communist State, providing American assistance continues at least at the level provided for in the Agreement.

The Agreement has left the GVN and its institutions intact; the Thieu Administration the sole governing body in Saigon; and the Armed Forces in a condition and position from which they should be able satisfactorily to protect the South, at least over the next four years, given the likely capabilities of North Vietnam and the Vietcong over that period.

In respect of the South's military/security position, mention has been made earlier of the capabilities and potential of the Army (ARVN) and the Air Force (VNAF). But a false picture would result if the roles of the Regional Forces (RF), Popular Forces (PF) and the People's Self Defence Forces (PSDF) were not considered. These are territorial forces. The RF and PF are quite competent. Indeed most observers consider that the best military performance of the 1972 Invasion came from the RF, and to a lesser extent, the PF. This is not altogether surprising. Unlike ARVN units, the territorial forces are comprised of men who come from, and whose families live in, the territories they are protecting. In a very real sense, the RF and PF are the backbone of the nation's security apparatus. The PSDF is a para-military force of locally armed civilians. Their fighting capabilities have not often been put to a serious test. Their major contribution to the security of the country to date is that they act as a guard against Communist infiltration, especially in the urban areas. No stranger can stay more than a few hours in an area where the PSDF is effective without his presence being reported to the National Police. The inability of VC/NVA terrorists squads confidently and successfully to infiltrate Saigon during last year's Offensive was in no small measure due to the PSDF organization.

Also working against subversion either directly or indirectly are the Pacification and associated programmes. Following their serious disruption (not destruction, as some observers reported) during the Invasion, these programmes are now picking up again. A fairly good indication that the GVN administrative machine is more or less returning to normal operations is that village elections are now scheduled to be held in the near future. Some of these were suspended last year because of the decline in security. It will be remembered that some international newspapers, notably the *New York Times*, rather overenthusiastically and erroneously reported last September that Thieu had "undemocratically" abolished village elections as part of his local administrative reforms (see *News Weekly*, 18 October 1972).

Having decisively turned back the NVA/VC's land-grabbing campaign immediately following the announcement of the ceasefire on 27 January, the country is now gearing itself for the anticipated "political struggle". The GVN, in the current bilateral talks in Paris, is arguing for presidential and/or legislative elections to be held within the framework of the present constitution. The VC/NLF apparently want elections for a constituent assembly which would draw up a new constitution. Whatever kind of elections are agreed upon – if any – President Thieu is pushing the rapid development of his recently formed Dan Chu (Democracy) Party. It is being organized throughout the country by Province Chiefs, all of whom are military officers. The Dan Chu is clearly not so much a political party as a government election machine, comprised of military, civilian and government personnel. All civil servants and government employees have been obliged to join it. Some of its methods of recruitment among the civil population have been crude, to say the least, and this, understandably, has antagonized some sections of the population. However, since the immediate objective is not to build a popular, far less democratic, party or organization, but to harness as many votes as possible for the GVN in what is expected to be a rough electoral confrontation with the VC/NLF, these organizational mistakes will probably not significantly hinder its effectiveness. For the long run, President Thieu may have in mind developing the Dan Chu into a vehicle to assist national and local development and reconstruction programmes.

While the Dan Chu is rapidly growing in membership, the older political parties are in serious difficulties. As a result of a political party law promulgated late last year, all of them have been officially de-registered, having been unable to meet the legal membership requirements. Some of these parties are now forming, or attempting to form, new

groupings by merging with each other. Two such mergers have been announced – the Tu Do (Freedom) Party, led by Senate Chairman Nguyen Van Huyen and the Lao Cong Cap Tien Party led by trade union leader Tran Quoc Buu and Nguyen Ngoc Huy. The Tu Do Party is basically Catholic in composition and joins the Nhan-Xa Cach Mang Party, the Dai Doan Ket Party and the Senate bloc of Huyen. The Lao Cong Cap Tien is a merger of Buu's Cong Nong Party and Huy's Cap Tien Party. The Cap Tien, being comprised largely of civil servants, lost most of its membership to the Dan Chu. The new groupings have only provisional registration and – providing they can remain united – must each obtain a membership of about 360,000 by December 1973, if they are to gain permanent registration. It is extremely doubtful if any of them can obtain a membership of that size. In view of this situation it is thought that the law may be amended before the end of 1973.

The major Buddhist political force is centred around the An Quang faction of the Buddhist Church. While potentially strong, it has its difficulties, like most South Vietnamese groups, with factionalism and personality clashes. In fact, the An Quang religious group is itself divided. There is no political hierophant these days. Because of the prevailing policy, if one can call it that, of the religious leaders, as well as the lack of internal unity, the An Quang politicians are unlikely to be able to establish a political party. However the Church itself, acting through its organization, must be considered an important factor in the "political struggle" as it must be assumed that, despite its divisions, it has a capability to direct a large number of votes in certain areas to candidates of its choice.

If an electoral contest with the VC/NLF eventuates, it can be expected that the Dan Chu will probably join with a number of the old party groups in some kind of national coalition. That coalition, and certainly the Dan Chu element, will be supported at the grass-roots level by the GVN Administration and the PSDF. In any fair election, it would comfortably defeat the Communists.

As important to South Vietnam's future as the political and military struggles, is the performance of the economy. Unknown to most people outside South Vietnam, the country over the last 15 months has not only had to face a full-scale invasion, but a major commercial and industrial recession with a high rate of inflation. The recession, which worsened with the invasion has resulted in a number of industrial enterprises cutting operations by up to 50 per cent. It has been caused, so official analysts maintain, by a complexity of factors. According to the analysts, some of the most important of them have been:

A reluctance on the part of retailers to buy stock. Shopkeepers wanted to keep their assets as liquid as possible as a guard against a rapid deterioration of national security or an unlucky rocket or terrorist attack. This situation is now improving;

The continued devaluation of the Piastre against the U.S. dollar which along, with the revaluation of other currencies (e.g. Yen) kept pushing up the prices of some imports;

The withholding of supplies by a number of producers for either security or economic reasons;

A reduction in consumer demand caused, say the analysts, by three main factors:

Security. Consumers like retailers wanted to retain liquid assets.

Fall-off in local expenditure by the American sector. At the height of the war, U.S. troops alone were injecting about US$300 million a year into the economy – i.e. an average of about US$500 a year by each soldier. It should, however, be pointed out that this has been a gradual and not a sudden decline. At least it did not begin 15 months ago.

Inflation. The point can, perhaps, be well enough made by referring, as do many of the analysts, to USAID Retail Price Statistics which show that between September 1971 and September 1972, the price of rice increased by 42 per cent, meat by 50 per cent, kerosene 77 per cent, sugar 51 per cent, electricity 76 per cent and gasoline 100 per cent. The rate of inflation for all commodities in 1972 is said to have been a high but tolerable 22 per cent. The accuracy of these figures is difficult to judge. However it can be said that there are solid grounds for casting some doubt on how far inflation, whatever its precise rate, has affected consumer demand – at least for a certain range of commodities. It may not have been as important as some of the analysts have suggested.

Balance of trade figures present a bleak picture. For the period 1 January to 30 November 1972, the statistics show an adverse balance of approximately US$368 million, with imports being largely financed by U.S. aid. This situation has altered little throughout the war.

The Government in recent months has taken a number of so far unsuccessful measures to stimulate the economy. These have included incentives to foreign investors and a number of monetary policies such as the liberalizing of credit and the lowering of bank rates. In respect of the longer term, the Government's able team of economists and financial experts has devoted a great deal of time to the drawing up of comprehensive development programmes, within a system based essentially on private enterprise. The most widely discussed of these programmes is the Four-Year Plan. However there is room for considerable scepticism as to the likely effectiveness of either the short-term measures or the long-term planning. To begin with, one feels justified in holding reservations, if not as to the reliability then certainly as to the value of the statistics and the behavioural assumptions on which are based the short-term measures and the long-term planning. Consider

for example, the following. Despite figures showing that the consumer price of gasoline has increased over the last 15 months by more than 100 per cent, total gasoline sales, according to oil company executives, have not markedly declined during that period. Moreover, statistics indicate that the demand for vehicles of all kinds continues to increase at a rate of about 10 per cent per annum. Indeed, the Government has had to restrict the import of vehicles. One suspects, therefore – assuming the above figures to be reasonably accurate–that there are factors, both economic and psychological, operating somewhere, that either the economists do not understand (and they are, in the main, applying Western economic concepts) or do not wish to consider. I suspect, as no doubt do some of the analysts, that the real condition of the South Vietnamese economy is somewhat better than the indicators generally suggest. One has almost lost count of the prophets of gloom and doom over the last four years. South Vietnam's economy, like its people, possesses a resilience that is not always obvious.

Most analysts agree that given an extended period of peace with a decline or fading away of the threat from the North, and continued U.S. aid, the economy should develop quite satisfactorily. Indeed some, rightly or wrongly, are extremely optimistic and talk in terms of it growing rapidly. Certainly, it is not the rundown affair that many people overseas imagine it must be after such a long period of war. Agriculturally, South Vietnam is probably one of the more advanced nations in Asia. In terms of mechanization, it is ahead of countries such as Burma, Indonesia, the Philippines and India. The South Vietnamese take very quickly to new techniques and methods of production. In the export field, there are believed to be considerable possibilities for timber, sea products, vegetable oils, rubber, a number of other agricultural products, and–in the long term–petroleum. Self-sufficiency in rice and most other essential food products is an attainable objective, while prospects for the expansion of light industry for the domestic and export markets, are thought to be bright. Most important is the potential for growth in the fields of construction, transport and essential services. The war has left South Vietnam with one of the best transport and communications infrastructures in South-East Asia, along with the equipment and facilities to maintain them. The Government is no doubt hoping that activity in this field will help provide decentralized non-agricultural employment opportunities for the large number of unemployable or displaced urban and rural wage-earners, as well as for any demobilized troops. Unemployment, generally speaking, is probably a greater problem for the future than inflation.

However, whatever the potentialities, at the present time, and for an indeterminate number of years to come, the economy will depend on the continuation of a high level of U.S. aid. There are, of course, few developing economies that are not heavily dependent on foreign assistance. The South Vietnamese analysts, perhaps a little optimistically, think that they will be able to go it alone in about ten years. They may be right. In the meantime, U.S. aid is running at over US$500 million a year, covering among other charges, most of the country's heavy import costs. Apart from encouraging the private sector, there is not a great deal the Government can do to alleviate this situation so long as it is forced to devote 50 per cent of the budget to defence and security, and the balance of trade deficit remains as large as at present. One of the most important aspects of the Paris Agreement is that its negotiation did not interfere with the flow of foreign aid. Indeed, if the projected Indo-China reconstruction programme materializes, aid should increase considerably. It might be remembered that in November-December 1972, well informed sources let it be known that unless the U.S. obtained an Agreement that it deemed satisfactory, the U.S. Congress might seriously cut economic assistance to the South.

South Vietnam is now hoping for increased foreign investment to help put the industrial and commercial private sectors of the economy on a sounder basic. It is hoped that this will open up employment opportunities; reduce the foreign trade imbalance by increasing exports and providing import substitution; lessen the dependence on U.S. and other foreign aid; and accelerate the exploitation of the country's considerable natural resources. The influx of potential foreign investors into Saigon in the weeks immediately following the Paris Agreement suggests considerable overseas interest in South Vietnam. What is needed now are more realistic and consistent G.V.N. investment policies and lasting confidence in the future security and political stability of the country. There is now room for considerable optimism in regard to national security. But local security – always an important consideration for certain types of investors such as those interested in oil refineries – is another matter as there will continue to be fighting and terrorist incidents. Political stability, given South Vietnam's recent history, is a subject about which no one is prepared to be predictive. On the surface, the prospects for reasonable stability appear fairly good. But in Vietnam's case there might well be an inverse ratio between national security and political stability.

Overall, the South Vietnamese have reason to be fairly pleased with their good, if slightly uncertain, position. They should survive. They certainly deserve to survive. □

South Vietnam's Policy Options for Winning the Peace

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CONSIDERING the almost staggering amount of resources expected to flow into South Vietnam for purposes of reconstruction; the industry, skill and ingenuity of the Vietnamese people, the market potential for Vietnamese products, the magnificent infrastructure left as a legacy of the war; and the huge reservoir of international goodwill in favour of the South Vietnamese people after such an unprecedentedly tragic holocaust, the prospects for successful physical reconstruction and development appear bright.

But, as many recognize, the task of rebuilding is more than just a physical process. To be meaningful, it has to be a more comprehensive transformation—physical, economic, institutional, social and even moral. The effort to win the peace will not be just a return to the old system which has lost its relevance. In the face of the rising expectations of the people, in the face of the economic and social progress of some of the neighbouring countries in the region, a system which denies the masses a chance for a decent livelihood has ceased to be tolerable.

There are other vital problems which have to be resolved, if an improvement must be made in the old order and if peace must be truly won. Among them are: the economy is so narrowly based that the prospects for rapid growth are limited; the regional development of the country has tended to be lopsided, being centred mainly on Saigon to the detriment of other areas with great development potential; the benefits of expanding economic relations with Asian neighbours have not been exploited; and there is an inherent danger of big economic powers dominating the economy in any country under pressure to reconstruct.

Hence those charged with managing the effort to win the peace will find it essential to keep in mind relevant policy objectives such as:

- the creation of a new society, irrespective of political orientation, which will guarantee to every person the right to work and to share equitably in the benefits of reconstruction and development;
- the diversification and broadening of the production structure to lay the basis for rapid self-sustaining growth in the future;
- the exploitation of the regional potential for development and, therefore, the dispersal of economic activities and human settlements to several growth poles other than Saigon;
- the assumption of an optimum role for the national economy in South-East-Asian regional development, which could supplement the benefits derived from trade and other economic relations with the rest of the world;
- the achievement of relative freedom and the assertion of independence to chart the nation's economic destiny consistent with national sovereignty.

Social Justice Goals

The South Vietnamese plan of post-war reconstruction is quite adequate in providing for the social goals of development. With respect to employment there should be no problem about every employable person getting a job at least during the first five years, considering the magnitude of the investments envisaged. The problem here is how to maintain the level of employment after the reconstruction of damaged homes, factories and infrastructure and the development of new industries and additional infrastructure have been completed. Together with a mass employment policy as a major instrument for income redistribution is land reform. South Vietnam has happily, long before the ceasefire, started a significant institutional change in this regard through the Government's Land-to-the-Tiller policy duly supported by programmes of low-cost credit, subsidized inputs, agricultural extension, co-operatives development and marketing assistance. Other income redistribution measures, in for example, rural health, water supply, rural community development, have been in effect in the government-controlled areas, thanks to the United States Government's financial assistance. But with the phasing out of US assistance for social welfare, the programmes are bound to overstrain South Vietnam's financial resources, and it is questionable whether the government will be able to sustain them.

Economic diversification and growth prospects

The South Vietnamese post-war plan aims at broadening the base for economic development with the provision of industries, mainly those using local raw materials, and the development of power, transportation and the ser-

vice industries. Adequate resources from external sources will assure the realization of those objectives. It was reported in 1972 that the United States had earmarked the expenditure of US$7,500 million over five years for the reconstruction and development of both Vietnams;* Japan, through both the government and private sectors, is preparing to match and no doubt, even surpass, United States' assistance. Other rich and industrial nations, like the Netherlands, France, the United Kingdom, Canada, Australia, the Scandinavian countries and China and the USSR (the latter two for purposes of North Vietnam's reconstruction) are expected to participate in the reconstruction and development effort. Provided an efficient machinery for implementing the programme is organized and set into operation immediately the pace of development could be accelerated to an extent which will permit doubling the GNP (now estimated at US$2,200 million) in ten years. This is not an ambitious target, as 30 per cent of the country's 18 million population receive an average income of hardly US$60 or only 50 per cent of the estimated US$120 per capita income.

Regional and urban development

The programme of reconstruction and development offers an excellent opportunity to implement the Government's objectives of improving the economy of all regions on the basis of potentials for development, restoring and improving the natural environment, creating new urban centres as additional growth poles and thereby dispersing economic opportunities. This will have the effect of minimizing the influx of rural people into the main metropolitan centre, Saigon, which has consequently experienced serious social problems. As a result of the war, regional centres, like Cam Ranh, an ideal port and Bien Hoa, an excellent industrial site, together with the supporting communication networks, have been developed, and could now be fitted into the country's regional development programme. A regional assessment of potential hydroelectric power and irrigation resources has just been completed. The Ministry of Public Works, which is providing leadership in regional planning, has almost completed a regional development plan to be integrated into the national plan.

South-East Asian co-operation

There is no longer any argument about the advantages of small and poor countries participating in regional economic arrangements. The UN Economic Commission For Asia and the Far East (ECAFE) has initiated a number of projects, e.g. intra-regional trade co-operation, regional shipping, payments arrangements, reserve bank, and industrial co-operation such as the Asian Industrial Development Centre has been proceeding. South Vietnam in restructuring and diversifying the national economy should take into account the benefits of integrating economically within the ECAFE region.

Economic policy autonomy

Theoretically, countries undergoing post-war reconstruction will alone decide the manner in which their rehabilitation and development will be carried out, including the determination of reconstruction and development objectives and policies, priorities, sources and extent of external assistance. In practice the policy–makers and administrators will not be free of external pressures, political and economic, which may result in marked departures from prepared plans, no matter how well-conceived. It would be naive to think, for instance, that the major donors of aid will leave entirely to the recipient government, even with the advisory assistance of a multinational body, the utilization of aid resources. It is to be expected that they will influence the process of reconstruction and the pattern of development in accordance with their economic interests. This would place the independence of economic policy determination and management under a severe test. It could place those charged with reconstruction in a predicament–either to plan in freedom without adequate means, or to accept the means while impairing their freedom of action.

In this connexion it will be well to recall the observations made some 20 years ago by an Asian statesman-nationalist in a country undergoing post-war recovery and subjected in the process to tremendous external economic pressures. He said: "as for me better a slow pace of economic recovery and development unencumbered by the dangers of ultimate foreign economic domination than a rapid progress made possible with foreign intervention which leads, in subtle and certain ways, the country into economic serfdom". Those charged with directing the effort to win the peace are likely to face a similarly painful choice, and under tremendous popular pressure to speed up post-war recovery they are bound to compromise.

Winning the peace in freedom by and for the South Vietnamese is a formidable order. They have to be able to match in measure the social justice for the masses, which other countries of a different political orientation are achieving while realizing equally worthy objectives of strengthening the economy and preserving national integrity. But for a people who have proven their mettle in a long period of crisis, it is difficult to conceive how they can fail. □

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*Questioned on this figure, the US Presidential Assistant for National Security Affairs, Dr. Henry Kissinger said in a television interview on 1 February 1973 that the projection was more than a year old and that "we will have to look at the requirements with an open mind. This was a study based on reasonable facts at the time. We would have to look at the situation again". (Of the US$7,500 million, US$2,500 million were reported to be earmarked for North Vietnam.)

The joint U.S. – South Vietnam communique, issued on 3 April at the end of President Thieu's visit to the U.S.A. stated: "(President Nixon) informed President Thieu of the United States intention to provide adequate and substantial economic assistance for the Republic of Vietnam during the remainder of this year sufficient to assure essential economic stability and rehabilitation for that country as it now moves from war to peace..... He also expressed his intention to seek congressional support for a longer range programme for the economic development of South Vietnam now that the war has ended".

Hill-Tribe Development in Thailand; Tea Can Help

Phoon Phon Asanachinta

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FOUR years ago the Department of Geography, Faculty of Social Sciences, Chiengmai University, Chiang Mai, Thailand, was granted research funds by the Military Research and Development Centre in Bangkok through the Applied Scientific Research Corporation of Thailand to undertake a Trail Study of Northern Thailand. The Report, including several hundred maps, was completed last year, and distributed for use by administrative officers in the north and by interested persons in Bangkok*. During the four years of research we travelled around the mountains and the hill-tribe villages by car and on foot. We learnt two important facts with regard to our objective: firstly for security reasons and future development, transverse transportation routes must be constructed as soon as possible, and secondly to reform the illegal means of livelihood of the hill-tribes based on opium cultivation, and to reduce the serious erosion of the cleared mountain slopes, tea culture and tea production should be expanded.

Much is heard of the disaster threatened by erosion and lack of water supply due to the destruction of the northern forest. Although Thailand depends greatly on rainfall as a source of water, year-round conservation of supply depends on the presence of the forests. Since the northern forest is now constantly being cleared by the hill-tribes for opium cultivation and for other upland crops for food and economic well-being, it is essential to find an alternative source of hill-tribe income.

On the advice of the far-sighted Nai Amphoe (district officer) of Mae Taeng, Chiang Mai Province, we visited the village of Pa Pae on one of our trips. This mountain village is about 900 metres above mean sea level. Its climate is cool all year round. We were told of a hot spring which could be reached by walking for two or three hours from the village. This hot spring is in fact a small geyser which spouts about two metres into the air; the temperature is over 100 degrees Centigrade. This, the beautiful landscape and a number of touristic spots, such as waterfalls and the hill-tribe villages, could have important potential for the tourist industry. The Nai Amphoe had planned to develop them along these lines so as to help the village and the surrounding areas. At that time he was also responsible for the construction of the rural highway connecting Amphoe Mae Taeng (Chiang Mai Province) with Amphoe Pai in Mae Hong Son Province, which now runs through the village. He also suggested that "miang" or the fermented tea industry should be developed into a tea industry, because miang was then the only source of village income.

On many of our later visits to Pa Pae we were guided by a police sergeant, who unintentionally became a liaison officer for the promotion of the tea industry of Pa Pae. He was familiar with the people, their living conditions, resources and means of transportation. We explained to him the purpose of our work and requested him to help as much as he could. He produced a complete sketch map of Pa Pae showing detailed communication networks and finally promised to make a comprehensive report of Pa Pae. He persuaded the Phu Yai Ban (village chief) of the whole Tambon (commune) and also the Khru Yai (head master of the village school) to write all they knew about their villages. From these data he compiled the final report, complete with maps of the whole commune and many photographs, and submitted it to me at the university.

We in turn submitted a copy to the Nai Amphoe. The report demonstrated convincingly that any administrator will be able to run the area under his responsibility effectively only if he knows his territory intimately, and this can be done only if he has in his possession information as detailed and accurate as possible. (The Nai Amphoe of Mae Taeng was subsequently transferred to another changwat (province), but clearly realized the value of the report made by the police sergeant of Pa Pae because he ordered another in-depth report on his new amphoe. Later he was transferred to another amphoe in a terrorist-infested changwat, from which reports of terrorist activities have declined markedly.)

One morning the police sergeant of Pa Pae, the Phu Yai Ban of Mu Thi Si (village No. 4) and his colleagues came to see us at our office. They explained their intention to convert their miang industry into a tea industry, producing green and black tea. They complained about the decline of miang consumption, demand, prices and their depressed incomes. Miang chewing is now less popular, because of its

*Phoon Phon Asanachinta, ***Research Report on the Trails of Northern Thailand*** (Applied Scientific Research Corporation of Thailand, Bangkok, 1972).

disagreeable smell and the dirty coating it deposits on the teeth. However, tea drinking is increasing in popularity. The most serious problem facing them was the increasing burden of debt to the middlemen of the miang trade. We were pleased to learn about their intention because we wished to integrate a tea-growing scheme into our plan for the elimination of illegal opium culture and the conservation of soil and forestry resources.

The mountain villagers should be encouraged to grow tea and to produce various kinds of tea for the following reasons. Two species of tea, *camellia sinensis* and *camellia assamica,* are native to Northern Thailand. The mountain villagers grow them chiefly to make fermented tea. Thus tea or miang leaves are taken from the same kinds of plants. Being indigenous to Northern Thailand the tea is almost free from plant diseases. At present the demand within the country is increasing and the import of tea is almost 1.5 million kilograms a year. World demand is also increasing. However, geographically it is evident that the world area suitable for tea cultivation is limited. Northern Thailand's tea is of a surprisingly high quality. The first output of tea from Pa Pae was valued at 15 baht* a kilogram, but now the best of its tea is sometimes priced at 150 baht a kilogram. The price of Pa Pae tea is expected to rise still higher. Tea is a perennial crop with a life span of about 50 years. A properly managed plantation should bring a comfortable income to its owner, even if he does not operate a tea factory. Tea is not easily perishable and can be stored for a long time. So immediate marketing is not necessary. Its value can be adjusted and its marketing can be regulated to keep prices stable. From a given area of land on the mountain slope tea can produce a better income than opium. Labour needs of tea plantations are considerably less than forest clearing requires. Tea is a deep rooted crop and if grown densely will protect the soil surface and minimize soil erosion. The fallen tea leaves will also cover the soil and turn into rich humus. Furthermore tea growers do not have to wait longer than four years after planting to start earning from the first yield. The tea bushes are usually kept about 1 metre high for convenience in plugging.

We advised the villagers of Pa Pae to begin by making a survey with regard to the method of planting tea crops and also processing methods. They were assisted by Nit Wangwiwat, the manager of the famous Raming Tea factory of the Chiang Dao Mountain, Chiang Mai. By his courtesy the villagers of Pa Pae were able to visit his plantation and factory. The study tour proved of utmost importance to them in starting the new industry in their village. They also went to see the domestic tea-processing industry at Amphoe Doi Saket east of Chiang Mai. With the basic knowledge obtained they immediately started a home-made tea industry. The first sample of the tea sent to Bangkok was well received with a follow-up order. The villagers became encouraged, but unfortunately the capacity of their home-industry was unable to provide a living income. To pay their old debt to the miang middlemen and to fulfill their project of raising living standards they had to think about a larger factory. This required a large investment.

We advised them to contact the Department of Industry about a loan. The Department was willing to give immediate assistance, but the problem was that the villagers had no land to offer as a guarantee for the loan. (The villagers of the miang plantations work on the mountains within the reserved forest. They cannot in any way obtain the land title, no matter how long they have been dwelling on a piece of land.) The Department of Industry officials directed them to the Department of Co-operatives.

Co-operative Department officials came out from Bangkok to make an investigation at Pa Pae of the possibility of setting up a co-operative society. The size of the membership of the society had to be in accordance with the law. Luckily a number of the hill-tribes joined the new co-operative society, which was expected to be aided with a loan from Bangkok. It was to be found later that the procedure in getting the loan was protracted. Eventually the villagers approached a private individual for assistance which was immediately available with payment to be in the form of an amount of tea. With this private loan they started the factory. However, the co-operative society proved helpful in providing rice and other necessities which otherwise would have had to be obtained from middlemen at high prices. The society also helped them to find the market for their produce. Recently the loan from the Department of Co-operatives has been granted and the factory is now producing 150-baht-a-kilogram tea.

The future outlook for tea production will be improved if the government will give more assistance. The authorities could, for example, initiate the industry as an enterprise similar to the tobacco monopoly. The government is thinking at the moment about reforestation, but the large trees to be planted by the government may require almost a lifetime before yielding any financial return. Tea on the other hand, will not only help conserve water but can also produce a first return after four years. Moreover, like forest trees, tea bushes will grow wild in northern Thailand, propagating more and more tea-plants. □

*21 baht = 1 US$